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RECENT DEVELOPMENTS IN SOCIAL FUNDS AND SAFETY NETS

Background note by the UNCTAD secretariat

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INTRODUCTION

1. This background note analyses the role of safety nets and social funds in alleviating poverty in developing countries, particularly those undergoing a process of structural adjustment or suffering from its aftermath. The paper focuses on the reasons for establishing safety nets, the comparison of features of three types of programmes, their performance, the major problems they face, and policy options for the future. Because of the large number and variety of existing safety nets in developing countries, a selection has been made both in terms of the programmes and the geographical regions/countries.

2. The term "safety nets" (SNs) is used herein broadly to encompass three different types: social action programmes (SAPs), emergency social funds (ESFs), and social investment funds (SIFs). The different features of these programmes are discussed in section II. The pioneering experiments and largest concentration of these programmes are found in Africa and Latin America. Within Africa, most SNs are in the Sub-Saharan region and considerably less exist in North Africa; on the other hand, 15 of the 20 Latin American nations have some type of SNs. The paper summarizes, in a systematic and comparative manner, the key information available on 29 SNs in 27 countries in these two continents. A profile of selected SNs in Asia is provided in annex I, table 6.

3. A few case studies have been selected from the two regions for an in-depth analysis. The selection is based on three criteria: the countries' geographical location, level of development and poverty; the time of inception, importance and influence of their SNs; and the latter's type, characteristics and performance. Annex tables 1 and 2 summarize relevant economic and social data on the 27 chosen countries for the 1980s and beginning of the 1990s; this is the period when most of them introduced structural adjustment reforms, endured the ensuing social costs and established SNs. The nine indicators used in the comparison (GDP per capita in US dollars, GDP growth rates, inflation, average real wages, unemployment, poverty incidence, illiteracy, infant mortality and life expectancy) allow a ranking of the countries by their level of socio-economic development, and indicate the magnitude of social costs resulting from economic reform. The last two columns of tables 1 and 2 contrast this ranking with the UNDP human development index, showing considerable similarity between the two, with some exceptions.

4. Four countries -two from each continent- have been chosen as main case studies: Egypt and Ghana (from North and Sub-Saharan Africa respectively) and Bolivia and Honduras (from South and Central America). All four are classified as "low income economies" by the World Bank, and among those with a "low human development" by UNDP; furthermore all come very close (in a 16 point range) among totals of 127 and 173 countries ranked by those two international agencies. According to the two rankings in tables 1 and 2, Honduras and Egypt are located midpoint in the scale among the selected 27 countries, while Bolivia and Ghana are located either slightly below mid point or in the bottom half of the scale. Bolivia and Ghana were also pioneers in the respective introduction of an ESF (1986) and a SAP (1987), and both SNs are now terminated; in addition, Bolivia was also a world pioneer in establishing a SIF (1990). On the other hand, Egypt and Honduras created ESFs at the beginning of the 1990s. Finally, three other countries have been added as supplementary cases. All are from Latin America and are classified as "middle income" (World Bank) and with "high human development" (UNDP), and are ranked in the top fourth (best) of the scale among

the 27 countries (tables 1 and 2). These three countries are: Costa Rica and Mexico, which have long-established public poverty-alleviation programmes, and Chile which had an important experience with employment programmes in the 1970s and 1980s and established a SIF in 1990. The study, therefore, will compare three SAPs and ESFs, as well as two SIFs.

5. Significant divergences between African and Latin American countries should be taken into account in the study of their SNs. The rankings of tables 1 and 2 show that Latin American countries are above those in Africa in terms of development. In comparison with the former, the latter usually have a lower GDP per capita, are more rural, have a relatively larger informal sector, are often afflicted by widespread famines, their NGOs and local governments are less developed and their social welfare systems cover a small segment of their population, but they have a much more developed system of traditional solidarity. SNs in Africa, therefore, confront a much more difficult task in alleviating poverty than they do in Latin America (Marc et al 1993).

6. The study is divided into four parts: (1) the background for the creation of SNs (causes); (2) a comparative description of the key SN features (targeted population, policies, administration and financing); (3) an analysis of the principal issues and problems faced by SNs (impact on poverty alleviation and goal fulfillment, managerial efficiency, financing and sustainability, participation, politics, and replicability); and (4) recommendations and policy options.

I. BACKGROUND: RATIONALE FOR THE ESTABLISHMENT OF SAFETY NETS

7. Two sets of factors determined the creation of SNs in the 1980s: First, economic crises and reforms, compounded in some countries by war and/or natural catastrophies, aggravated previously existing structural poverty and generated new conjunctural poverty, thus raising the danger of political unrest. Secondly, the traditional State apparatus proved unable to cope with the worsening conditions of the poor. The existing social welfare systems protected neither the poor nor the vulnerable groups harmed by the ensuing reforms.

A. Economic crises and reforms

8. Even prior to the introduction of economic reform, many countries in Africa and most in Latin America suffered, in the early 1980s, a severe recession caused by: their mounting foreign debt, their incapacity to serve it and the halting of new external credit, the world recession, the decline in prices of their major exports in the world market, and the energy shocks which raised the cost of imported oil in most of these countries. Confronting the grave crisis and pressured by international financial agencies, these countries began to introduce adjustment and structural reforms characterized by the following policies: cuts in public employment, social expenditures, and subsidies to enterprises and consumer goods, as well as wage controls, price deregulation, selling of public enterprises, elimination of protectionist measures to domestic industries and opening to competitive imports. These measures, in turn, induced severe social costs: increases in prices of essential consumer goods, decline in minimum and real wages as well a pensions, growth of open unemployment and under-employment, and reduction or deterioration in social services.

9. The impact of these policies in Latin America caused the loss of a decade for growth and development. Table 2 shows that, with two exceptions, all countries averaged annual negative growth rates in 1981-1990 (as high as 5 per cent) and close to half of the countries suffered average annual inflation rates above 60 per cent (four above 250 per cent); in addition, open unemployment rates in 1985 were higher than 10 per cent in most countries and, inspite of the recovery of the late 1980s, the average real wage in 1990 was below the level of 1980. Civil wars in El Salvador and Nicaragua and guerrilla warfare in Guatemala and Peru contributed to the economic deterioration. As a result of the above, poverty increased in virtually all countries (ECLAC 1992b). In Bolivia, one of the three poorest countries in the region, GDP per capita declined 24 per cent in 1980-1986, inflation reached 10,000 per cent, minimum wages dropped by 67 per cent, and 23,000 tin miners lost their jobs. The Bolivian economic reform began to be implemented in 1985. In Honduras, GDP per capita declined 13 per cent in 1980-1986 and unemployment rose to 14 per cent. Chile - a pioneer of economic reform in the region - actually suffered two crises; GDP per capita declined 18 per cent in 1981-1983, minimum real wages decreased 48 per cent (1982-1987) and open unemployment reached 20 per cent (1982). In contrast, Costa Rica, which had set a poverty-alleviation programme back in 1975, combined with a comprehensive universal social welfare system, suffered less social costs than other countries in the region when its economic reform was introduced in 1982 (Mesa-Lago 1994).

10. In Africa, the crisis appeared to be less severe than in Latin America, partly because of a lower level of indebtness and other societal differences.

Still, half of the African countries in table 1 suffered negative growth rates in the 1980s and substantial cuts in real wages; the available open-unemployment data suggest higher rates than in Latin America. Furthermore, indicators of illiteracy, infant mortality and life expectancy are all well below those of Latin America. Drought and famine in the 1980s and early 1990s worsened poverty. Ghana, one of the poorest countries in the Sub-Saharan region, began to experience economic problems in the 1970s: GDP per capita declined 30 per cent and the real minimum wage decreased 86 per cent in 1970-1983. The situation worsened in 1983 due to severe drought and the deportation of more than one million Ghanians from Nigeria. A labour redeployment programme, launched in 1987, was to eliminate 45,000 jobs in the public sector, and a similar number was expected to be dismissed in the private sector; a study released in 1987 showed the severity of social costs caused by the reform (Graham 1993; Republic 1987; The Ghana 1990). By the end of the 1980s Egypt had one of the largest public sectors in the developing world as it generated 40 per cent of GDP and 36 per cent of employment; the government virtually guaranteed jobs to all university graduates until 1984. The economic reforms started in 1986 were implemented in the early 1990s; one of their key targets was the elimination of redundant public jobs. The situation was aggravated by an earthquake and the Gulf War which prompted the return of 380,000 Egyptians and the loss of substantial workers remittances. (Government 1992; Korayem 1987).

11. Politics also played an important role in the creation of SNs. A thorough implementation of the economic reform required speedy action by the government to help vulnerable groups in their transitional suffering and thus elicit their support or, at least, their neutrality. For instance, the elimination of subsidies to prices of essential consumer goods required measures to cushion adverse effects on the poor, while massive dismissals of public employees were difficult to implement without some type of assistance to those losing their jobs. It was assumed that a successful reform would eventually lead to recovery and increases in employment and income. Widespread democratization in Latin America and in some African countries augmented popular pressure on the government. Civil unrest, public demonstrations and riots occurred in the capitals of several countries, contributing to the introduction or expansion of employment programmes.

12. It is not surprising, therefore, that SNs either preceded or were introduced simultaneously or immediately after the introduction of economic reforms or structural adjustment programmes: one in 1986, two in 1987, six in 1989, ten in 1990, four in 1991 and three in 1992 (tables 4 and 5). Two thirds of the laws enacting SNs in Latin America as well as those in Egypt and Ghana explicitly referred to social costs of economic reform as a major reason to adopt emergency measures of poverty alleviation on behalf of most affected groups.

B. Inadequacy of the traditional State apparatus and the social welfare system

13. The traditional social-sector ministries were incapable of dealing rapidly with the grave social consequences of the economic reform, as they were normally centralized, fragmented, inefficient, and staffed by poorly paid personnel. The ministries also had little or no linkages with the non-government sector (particularly with NGOs, local communities and private business), and implemented top-down policies, usually without input or feedback from their beneficiaries.

Furthermore, the existing social welfare system, and particularly social security, neither helped the poor nor was able to respond to the new challenges.

14. According to the ILO, social security coverage in Africa is limited to workers in the formal sector and exists only in two countries. In North Africa, social security was introduced before the rest of the continent. Some of the countries, such as Tunisia, are trying now to extend coverage to the self-employed and rural population but often there is a wide gap between legal and real coverages. The situation is even worse in Sub-Saharan Africa where social security was not introduced until the end of the colonial period and only as a supplement to traditional forms of social solidarity. In spite of rapid urbanization in this sub region, the formal sector has not significantly increased and three-fourths of the labour force are either employed in the informal sector or live in rural areas. The percentage of the labour force covered by social security in Africa, therefore, is lower than in other parts of the world: it is generally below 10 per cent and tends to decline. Obviously those covered are in the middle-income category and the poor do not receive any benefit from the formal welfare system. "In view of the generalized poverty that prevails in most of Africa--says the ILO Director General--and the modest scope of social security, it is increasingly urgent to create forms of social protection congruent with the needs of the population..." (ILO 1993).

15. In Egypt, the Ministry of Social Insurance legally covers all the labour force including the informal sector (temporary workers, peddlers, domestic servants) as well as small farmers and seasonal agricultural workers. But these two sectors, which involve most of the labour force and suffer a high poverty incidence, are not covered in practice. Furthermore, pension benefits are extremely low and inadequate to satisfy basic needs. For example, the Ministry of Social Affairs has the lowest budget of all ministries. The Ministry of Health, which in principle is supposed to extend access to health services to the entire population free of charge has at its disposal limited budgetary resources; in 1990 more than half of the population did not have access to health services. In Ghana, the social security system explicitly excludes domestic servants and rural non-wage earners. It offers voluntary coverage to the self-employed, and compulsory coverage to employees of micro-enterprises, but the number of those actually insured in these two sectors is insignificant. In 1990, 25 per cent of the Ghanaian labour force was insured but only 10 per cent were active contributors. The poor, however, are totally excluded. The Department of Social Welfare has targeted programmes for poor women, children, the elderly and the disabled but, in practice, it is able to provide some help to only one third of the targeted population. As in many cases, the Ministry of Health by-law covers all the population but 70 per cent of it has no access to sanitation (in rural areas, the percentage is 85 per cent) (SSNIT 1992; UNDP 1993).

16. In Latin America, social security is much more advanced than in Africa; about 61 per cent of the total regional population was covered in 1980. In half of the least developed countries, coverage was less than 25 per cent at the end of the 1980s. With the exception of the few relatively developed countries, coverage is limited to the urban formal sector and unionized agricultural wage earners. Legally excluded from coverage, in all countries, are the unemployed and unpaid family workers. Half of the countries reviewed exclude the self-employed, domestic servants, temporary, seasonal and agricultural workers. All these groups are among the poorest.

17. In Bolivia, 21 per cent of the population is protected while in Honduras the proportion is only 10 per cent. In contrast, the systems of Costa Rica and Chile cover close to 80 per cent of their populations, and both countries have a non-contributory pension programme that provides welfare pensions to the dispossessed. A serious inequity in countries with low coverage is that the State usually subsidizes social security protection for a minority of the population in the middle-income bracket, but allocates very few resources to the bulk of the population which is non-covered and particularly to the poor; in these cases the system appears to be regressive. Ministries of health in the Latin American region are expected to care for all the population not covered by social security. Although in the least developed countries the proportion of the poor can be as high as 75 per cent to 90 per cent, public-health agencies receive only a small fraction of the resources accrued by social security. Exceptions are Costa Rica and Chile, which have achieved virtual universal health care of their populations through either public sector coverage or social insurance or a combination of both (Mesa-Lago 1991, 1992, 1994)

18. According to the ILO, social security took almost one century to alleviate poverty in developed countries. But can developing countries wait that long? The magnitude of poverty in these countries requires urgent solutions and traditional social security programmes are not appropriate in most cases. SNs, therefore, acquire special importance in countries where a large proportion of the population is poor and excluded from both formal employment and social security protection (Gillion 1993; ILO 1993).

II. COMPARISON OF MAJOR FEATURES IN THREE TYPES OF SAFETY NETS

A. Concepts, types and trends

19. Since the late 1980s, there has been a proliferation of poverty alleviation programmes all under different designations and in different forms. The term "safety net", for instance, was defined by the World Bank in 1990 as some form of income insurance to help groups acutely vulnerable to adverse short-term events and calamities. Most of the recently established social funds in developing countries have a longer time horizon and attempt to alleviate chronic poverty. The terminology and definitions used here are those given by the UNCTAD secretariat. A safety net (SN) is an all-embracing term that includes three types of schemes: social action programmes (SAPs), emergency social funds (ESFs) and social investment funds (SIFs).

1. Similarities

20. In addition to the similarities in the motives and timings of their inception mentioned above, all SNs share certain common characteristics which make them different from the traditional ministries responsible for social protection. (i) SNs are national in scope, multisectoral and use some type of targeting to maximize the impact of scarce resources; in most cases they supplement rather than substitute for existing programmes in the government and non-government sector. (ii) SNs use more innovative and efficient methods which stem from the fact that they are usually decentralized ad hoc public agencies or autonomous institutions. (iii) SNs usually employ skilled personnel who are better paid than other civil servants. (iv) the bulk of SNs' resources come from international organizations and foreign governments in the form of soft loans and grants, with a small share funded by local governments. (v) In addition to government participation in the execution of programmes, NGOs, local communities, private businesses and social organizations also take active part in the design and execution of projects (UNICEF et al 1990; Marc et al 1993; UNCTAD 1993).

2. Differences and typology

21. The three SNs, nevertheless, have considerable differences among themselves. The generalization of such differences or development of a typology is difficult, owing to the large number of SNs and their heterogeneity. Annex table 3 summarizes the most salient differences among the three SNs. Twelve features are singled out: duration, targeted population, overall objective, specific policies, administration, interrelations with other government agencies, procedures, interactions with economic reform, political neutrality, and sustainability. These features are discussed extensively in section II.

22. Tables 4 and 5 identify the three types of SNs present in 27 countries of Africa and Latin America. There are ten SAPs, seven of which are in Africa. Three Latin American countries have programmes that resemble SAPs. The largest number of programmes are ESFs, 16 in all, 11 of which are located in Latin America. In addition, there are three SIFs in Latin America. Some of the African ESFs also share some features of SIFs, particularly their medium-term objectives.

3. Trends

23. With the exception of Bolivia's ESF, most SNs have been in operation for too short a period (2 year average) to draw any firm conclusions. However, three trends appear to be taking place in SNs, involving the following: shifts from large and short-term multisectoral programmes towards more focused and long-term programmes; and from centralized management to more decentralized administration with wider participation of the non-government sector (Graham 1993). These shifts in approaches are also leading to a movement away from SAPs to ESFs and from the latter to SIFs (Marc et al 1993). Several factors explain these changes. First, some countries have completed the main phase of structural adjustment, and/or their ESFs have completed their emergency relief operations and, therefore, have become more interested in longer-term programmes to reduce structural poverty. Second, the success of some ESFs and problems faced by several SAPs have led to a proliferation of the former. Third, the implementation of economic reform has taken longer time than anticipated in many countries and hence the need for a longer-term approach. Equity and political considerations are forcing more emphasis on the reduction of structural poverty and the building of wider population support to the protracted process of reform (Weisman 1990). For example, there has been a shift from the creation of low-paid temporary jobs (as a form of social assistance with little concern for productivity) to more permanent jobs which can increase income and productivity permanently (See B-2-a below).

24. However this shift in approach is not universal. In Ghana, for example, PAMSCAD which comes to an end in December 1993 is being replaced by a centralized programme located in a central ministry, without effective participation from the beneficiaries.

B. Comparative structure and functions

1. Targeted population

25. This section identifies the various categories of poor who need an SN, as well as those who are specifically covered by the three types of SNs. The poor can be classified in different ways. First, by their origin and duration of poverty; (i) whether structural, chronic poverty; (ii) conjunctural or transitional, or new poor who are the outcome of temporary causes such as economic reform and natural or man-made disasters (famine, war, earthquakes, floods). Second, by the degree of poverty: (i) poor or just above the poverty line, and (ii) extreme or critically poor (the poorest of the poor). Third, by socio-economic groupings: unemployed and underemployed, women (particularly pregnant and nursing, heads of household), children, elderly, disabled, ethnic communities, and war refugees. Fourth, by geographical location: rural or marginal urban areas.

26. Because of the scarcity of resources and the magnitude of poverty, not all of poor can be helped - hence, the need for targeting. Although, this could be a technical decision, it always involves a political one. The degree of power of the various groups normally influence the decision of policy-makers. Structural and extreme poverty is usually concentrated in rural areas and constitutes the neediest segment of the population. However, the rural poor are less well organized and politically weak. In contrast, conjunctural poverty usually involves a smaller segment of the population, who are well organized and politically strong. In the poorest countries targeting decisions are compounded

by the fact that available resources are scarce and by a higher poverty incidence.

27. The typology of table 3 summarizes variations among the three SNs concerning target population and overall objectives: ESFs focus on conjunctural poverty resulting from economic reform, SIFs aim at structural poverty, and SAPs usually combine both but are closer to the objectives of ESFs than of SIFs. Tables 4 and 5 offer specific information on the target population in the 27 countries. The goal of SAPs and ESFs in Bolivia, Costa Rica, Egypt and Ghana is to mitigate social costs of economic reform among vulnerable groups, not to help the poorest. Arguably, the latter would be a much more difficult and costlier task and, presumably should be tackled by an eventual economic recovery. In Costa Rica, SAP's emphasis shifted from an initial (1975) alleviation of structural poverty towards groups badly affected by the 1982 economic reform, particularly salaried workers and the middle-class. Ghana originally included the alleviation of poverty existing prior to the reform but later shifted its focus to "the new poor" (ILO 1992; Republic 1987). Honduras' ESF combines some features of SIF as it targets both conjunctural and structural poverty.

28. Most of the SNs discussed above target specific groups directly afflicted by economic reform such as retrenched public employees, jobless university graduates, and the unemployed in general. Some SNs also target other vulnerable groups, such as women and children, and virtually all target poor regions or localities. But in practice these groups or regions are not the primary targets of these types of SNs unless their situation is a direct result of the economic reform.

29. Conversely, Bolivia's and Chile's SIF and Mexico's SAP focus principally on the poorest groups and regions. The main objectives of these SNs are the creation of permanent jobs and income, the provision of food and essential social services, and the development of basic economic and social infrastructure. These SNs also focus on rural areas, where poverty incidence is higher, as well as on the most vulnerable groups.

30. Regardless of their population focuses, all SNs use some type of targeting criteria. Bolivia's and Honduras' ESFs, Chile's SIF, and Mexico's and Egypt's SAPs combine two targeting techniques: (a) ranking of geographic units by level of poverty (based on a series of indicators such as infant mortality, literacy and access to basic sanitation); and (b) targeting by socio-economic groups such as under-nourished women, children, the elderly and the ethnic minorities. In some SNs, as in Chile and Mexico, the degree of isolation or remoteness of poor rural communities is an important criterion. In Bolivia's SIF, urban marginal areas are ranked by their degree of coverage of basic services.[1]

2. Policies and projects

31. The large majority of SNs are multisectoral: out of 29 reviewed in Tables 4 and 5, 20 have three types of projects, two have two types and only one has a single type. No significant differences are noted on this respect between Africa and Latin America. It seems that SNs address simultaneous problems of

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[1] An important issue discussed in section III is the trade-off between simple, rapid and less expensive targeting (e.g., Bolivia's ESF, Chile's employment programmes) versus more complex and effective but slower and costlier targeting (e.g., Bolivia's and Chile's SIFs).

a wide segment of the poor that cannot be tackled through a single project; in addition, the complementarity of project components generates positive synergies (Marc et al 1993). The two tables identify three types of projects: (a) employment creation and income generation, (b) development of socio-economic infrastructure, and (c) delivery of social services. A fourth activity, not included in the tables, but equally important, is institutional building.

(a) Employment creation and income generation

32. All programmes except five have this component which often involves three types of projects: (i) creation of short-term or long-term jobs, (ii) assistance to laid-off public employees and unemployed university graduates, and (iii) support to self-employed and micro-entrepreneurs.

33. Public works to provide temporary emergency employment have been widely used, for example in Chile's 1975-1989 projects, Peru's PAIT in 1985-1990, Bolivia's ESF, Senegal's AGETIP, and Egypt and Ghana. Their advantages are many: rapid and massive creation of labour-intensive unskilled jobs involving simple technology, which use domestically produced inputs, and are low-paid but provide subsistence income to the poor. Usually the work is on construction or repair of badly needed infrastructure, which then delivers basic social services to the same workers and their families. The costs of these projects are relatively low. There are also disadvantages: poor productivity, low pay, and few long-term effects (See section III-B-2 below).

34. "Investment in human capital" is the approach used by SIFs in Bolivia and Chile, as well as by Honduras' ESF. Their advantages are long-term employment, higher productivity and better pay. Jobs are usually created in the private sector through credit, training and technical aid. But costs tend to be higher than in emergency public works, and project implementation usually takes more time. The trend seems to be towards this type of job creation. In 1975 all Chilean projects were of the subsidized public-work variety but, by 1987, one third consisted of productive jobs in the private sector, and currently all SIF projects are of that type. The same shift has occurred in Bolivia with the move from an ESF to a SIF. Honduras initially considered the emergency-job variety but eventually opted for the long-term productive-job approach (See section III-B-2).

35. Projects that help redeployed civil servants and unemployed university graduates are very important in Egypt and Ghana as well as in six other African nations, but extremely rare in Latin America. Laid-off employees in Egypt are entitled to early retirement benefits, severance pay, unemployment insurance, retraining, placement, food and seed money to start new businesses (graduates are eligible for the last three services). In addition, the Ministry of Labour has a programme of vocational training which is partly funded by the SN, and assistance to public employees to find work in the private sector. Ghana provides severance pay, extended social security coverage, retraining, arable land, and food. This type of projects might enhance support to the economic reform by a politically vocal and well organized minority, but the costs of these projects are high and they do not reach the poorest group. (See section III-B-2).

36. Support to the self-employed, micro-enterprises, small farmers, miners and fishermen, peasants, cooperatives, and productive associations are part of many SNs, e.g. Bolivia ESF and SIF, Costa Rica, Chile SIF, Mexico, Egypt and Ghana. These projects often aim at the creation of productive jobs in the largely

informal private sector. They usually, involve NGOs and small private businesses, and offer a package that provides low-cost credit, training and technical assistance. In Mexico a national fund provides credit to support "solidarity" enterprises as well as a revolving fund for peasants who do not have access to rural development banks.

(b) Development of socio-economic infrastructure

37. All programmes except two have this component (Tables 4 and 5), which involve construction and rehabilitation of sanitary facilities (wells, sewage, latrines, rural aqueducts), small urban clinics and rural posts, primary and non-formal schools, and low-cost housing. Some SNs also help to build centres for children, the elderly, women and ethnic communities. Development of the economic infrastructure includes projects on reforestation, soil recovery, irrigation and secondary rural roads. Egypt has a project to improve urban transportation and Mexico has projects for rural electrification.

(c) Delivery of Social Services

38. All SNs except two include this component which focuses on the basic needs of the poor. Nutrition is included in all programmes, although delivery varies from one SN to another. For example, food-for-work in Ghana; food supplements for undernourished children, pregnant-nursing mothers, the elderly and ethnic minorities in Honduras and Bolivia; school meals in Costa Rica and Mexico, etc. Health care, particularly primary, as well as sanitation, immunization and epidemiology are also universal. Ghana has a project for the provision of essential drugs. Mexico has developed an extensive primary health care project focused on the rural poor and isolated communities with a high percentage of indigenous population. Widespread education services concentrate on literacy campaigns, as well as primary, non-formal and vocational schools. Mexico also combines a basic food basket and cash payments in the education programme; Ghana has a project on basic shelter and Costa Rica offers a non-contributory social assistance pension.

(d) Strengthening of institutions

39. Very few SNs have projects which pay attention to institution building. Yet such activity can play an important role in improving the capacity of the central ministries, the SN itself, NGOs, local communities, municipalities, and social organizations, to administer projects and involve the beneficiaries directly in the design and implementation of the projects. Examples can be found in Chile, Egypt, Ghana and Honduras (FHIS 1993; FOSIS 1992a, 1992b; Graham 1991, 1993; Government 1992; ILO 1992; Jorgensen et al 1992; Mesa-Lago 1992, 1994; PAMSCAD 1990; PREALC 1988; PRONASOL 1992; SFD 1992; The Ghana 1990).

3. Administration

40. This section describes the following SN features: (a) duration of programmes, (b) complementarity with other programmes, (c) managerial functions, (d) autonomy, (e) staff and equipment, and (f) decentralization, coordination and procedures.

(a) Duration of programmes

41. In Latin America seven of the SNs - mainly SAPs and SIFs - were established for an indefinite period, while the other seven have a life ranging from 3 to 5 years. Available information on ESFs shows that only one has an indefinite life while four SNs vary from 2 to 6 years (Tables 4 and 5). It should be noted that several existing SNs have extended their lives and other SNs can legally be extended. Only two SNs have so far been terminated; these are in Bolivia and Ghana. The trend seems to be towards establishing long-term SNs or indefinite programmes. This is particularly true of the few existing SIFs.

(b) Complementarity with other programmes

42. The vast majority of SNs supplement rather than substitute or duplicate sectorial ministries and other central government agencies. The latter normally have a larger infrastructure which provides the bulk of social services to the population. The role of SNs, therefore, is to fill the gaps created by ineffective or weak central ministries, and to targeting the poor, mainly those resulting from economic reforms. But SNs can, in principle, have an innovative function such as setting the example of more efficient approaches to poverty alleviation.

(c) Managerial functions

43. SNs normally are intermediary agencies which do not execute but select, finance, monitor and evaluate projects, on the basis of a predetermined set of criteria. The initiative, therefore, lies not in government agencies, but in the local levels as well as NGOs, local communities, and private businesses. The programmes tend to be demand-based although some can directly fund projects without previous bidding (Chile's SIF, for example, requires bidding before qualification for funding). Typically ESFs and SIFs conform with these requirements, but not all SAPs do so. For instance SAPs in Costa Rica, Ecuador and Ghana as well as former employment programmes in Chile and Peru, and Senegal's AGETIP are government-run projects and usually identify and manage projects. On the other hand, SAPs in Cameroon and Uganda, and to some extent in Mexico, combine supply- and demand-based approaches (Table 3).

(d) Autonomy

44. This is a typical feature of ESFs and SIFs but much less of SAPs. Autonomy is reflected in several ways: (i) the agency is usually independent from the central government; (ii) the director is recruited outside the public administration, usually from the private sector; (iii) the non-government sector is well represented in the SN board or council; (iv) political neutrality; (v) exemption from public service rules on hiring and salaries; (vi) internally developed administrative procedures and policies; and (vii) financial autonomy (Marc et al 1993). Tables 4 and 5 give a rough classification of autonomy based on the available information, with a scale ranging from "high" to "none." A more accurate assessment is done in the case study below:

45. Bolivia ESF and SIF enjoy high autonomy. Both are completely independent agencies which report directly to the President who guarantees the autonomy of the fund. The first Bolivia's ESF director came from the private sector;

subsequent appointees have tended to be more political but their power has been offset by a strong staff and decentralization (Graham 1992). Political interventions have been low, civil service rules do not apply, and the two programmes have been financially autonomous. Honduras ESF has also enjoyed high autonomy. It shares most of Bolivia's features. However, the government has a majority representation on the board of directors. Chile SIF has relatively high autonomy: it is an independent agency that reports to the Ministry of Planning and to the President, but most of its directors have been from the public sector, the government has a majority in the board and civil service regulations apply. In Chile, it appears that there was not much need for institutional autonomy because public administration proved to be relatively efficient (Flaño, 1991). Egypt ESF has medium autonomy: it is an independent government agency supervised by the Prime Minister; its director has changed three times in its three years of existence; there is a strong government majority on the board with no representation from NGOs and local communities and some degree of political intervention (Graham 1993). Ghana SAP has medium autonomy too: it is located in the ministry of local government and closely supervised by the ministry of finance. The Director was appointed from the public sector, and criteria for projects selection are decided at the centre without input from below. Mexico's SAP has very low autonomy: it is a government branch, the director is from the public sector, civil service rules apply and depends on the federal and State budgets, but there it has considerable participation and inputs from local communities and "solidarity committees." Costa Rica's SAP has no autonomy: it is similar to Mexico's but without participation from below. The rankings in tables 4 and 5 and analysis of cases reviewed in this study indicate that SAPs are the least autonomous of all SNs.

(e) Staffing

46. Many Latin American ESF and SIFs are excluded from government civil service rules on hiring, dismissing and salaries. This flexibility has allowed them to contract highly skilled and motivated personnel with the incentive of higher remuneration than in the public sector. This is the case for Bolivia's ESF and FIS, EL Salvador, Honduras, Nicaragua, Panama and Venezuela. In Chile, public sector salaries are applied to SIF staff but they are quite high by regional standards, and two thirds of its personnel are made up of professionals and technicians. These special conditions normally increase the potential for efficiency while reducing personnel turnover. The most efficient SNs are supported also by modern electronic equipment and support staff which facilitate the monitoring of numerous projects located in widespread areas.

(f) Decentralization, coordination and procedures

47. On the whole, SAPs are the most centralized SNs while ESFs are the most decentralized; SIFs are much more closer to ESFs than SAPs. Decentralization tends to be positively correlated with autonomy and involves substantial participation in management of projects and other SN functions by municipalities, NGOs, local communities, social organizations, and private businesses. (See section II-D).

48. Highly autonomous and decentralized ESFs are usually flexible and have relatively simple procedures for procurement, approval and disbursement, which explains their ability to operate with considerable speed and flexibility. But their links with central ministries and other government agencies tend to be weak, which is an obstacle in the transfer of knowledge and thus reduces long-

term sustainability of their projects. Conversely, SAPs are normally part of the central government machinery and therefore enhance both the transfer of accumulated knowledge and the sustainability of the projects. But their procedures tend to be complex and cumbersome owing to the need for coordination of activities with many different agencies involved. Their action is often slower than ESFs and discourages participation by small contractors and local bodies. Finally SIFs' procedures are normally more complex than those of ESFs, due to the former's greater emphasis on proper targeting, long-term effects and more coordination with government agencies. Thus their actions are somewhat slower but their capacity to transfer knowledge and sustainability is higher. Still, SIFs have more flexibility and autonomy than SAPs, and tend to be faster in their actions (Table 3; Marc et al 1993).

49. SAPs in Costa Rica and Mexico are required to work with several government ministries and public agencies, for example, health care, education, labour and social security, which makes coordination a major challenge. This is particularly true in Costa Rica (ECLAC 1992a). The task was even more demanding for Ghana's SAP because it had too many projects spread over 110 districts which also required coordination with 13 different ministries and public agencies across nine sectors. An administrative reorganization undertaken in 1990 led to the establishment of supervisory committees at the national, regional and district levels which complicated procedures even more. The new programme to replace the original SAP will return most projects by 1994 to the central ministries. Coordination will be carried out by the ministry of finance (PAMSCAD 1990).

50. SIFs in Bolivia and Chile also face coordination problems, although less serious than those faced by SAPs. In Bolivia there is an overlapping among even the various public-sector agencies which requires a global social policy capable of defining the roles and functions of all entities and establishing needed relations among them. A recent internal review of all Chile's SIF projects, noted the lack of articulation among them, as well as between SIF and public-sector institutions. The need for a global integrated national social policy was also stressed in the evaluation. (FOSIS 1992b).

4. Financing

51. Tables 4 and 5 summarize data on the financing of SNs, both in terms of total amounts and the distribution of sources of funds.

52. Total funds allocated to SNs in Latin America are considerably higher than in Africa. Mexico SAP budget alone in 1992 amounted to about US $2.5 billion. Cumulative financing in Venezuela is expected to reach US $1 billion over four years and, in Bolivia ESF, US $191 million were disbursed in five years. On an annual average basis and excluding Mexico and Venezuela, funds allocated to SNs are similar: about US $40 million in Bolivia and Honduras, and US $18 million to US $39 million in the rest of Latin America. The highest total financing in Africa was in Egypt: US $613 million over five years or an average of US $122 annually; Ghana is second with US $80 million over five years ($16 annually), and in the rest of the African countries the range is between US$ 7 million and US$ 49 million.

53. SNs' financing as a percentage of GDP and government expenditures varied significantly in 1992: 1.6 per cent and 9.6 per cent respectively in Honduras; 0.9 per cent and 6 per cent in Bolivia; 0.7 per cent and 4 per cent in Mexico;

0.3 per cent and 4.1 per cent in Egypt, 0.2 per cent and 2.7 per cent in Ghana; and 0.1 per cent and 0.5 per cent in Chile (tables 4 and 5). Excluding Ghana, these proportions are overall smaller in African than in Latin American SNs.

54. The distribution of financing by source shown in tables 4 and 5 reveals that external funds average 88 per cent of the total in Africa (ranging from 78 per cent to 100 per cent) and 72 per cent in Latin America (the range is 43 per cent to 95 per cent excluding Mexico, where the government budget is the only source of funding). The government share averages 12 per cent and oscillates from 1 per cent to 50 per cent in Africa; in Latin America, government share averages 25 per cent and ranges and from 5 per centt to 100 per cent. Therefore SNs depend more on external financing in Africa than in Latin America. The contribution of non-government agencies and beneficiaries is very small in Africa (averages 1 per cent and ranges from zero to 9 per cent); in Latin America, it averages 8 per cent and ranges from zero to 24 per cent.

55. External funding is provided in the form of soft loans (37 per cent of the total in Bolivia ESF and 52 per cent in Egypt) and donations or grants. The number of external donors varies considerably. Ghana had 16 donors with small contribution each ranging from 1 per cent to 16 per cent; furthermore a considerable portion of the contributions to Ghana PAMSCAD was not in cash but in food, equipment, drugs and technical aid. Egypt has 18 donors but more than half of the external funding came from two donors; Honduras had 16 donors with 60 per cent of the external funding paid by two sources. Chile and Bolivia had nine donors each and 75 per cent of the funding of the first and more than half of the funding of the second coming from two donors. Bolivia's ESF had eight donors and more than half of its funding provided by three donors.

III. EVALUATION OF PERFORMANCE: PRINCIPAL ISSUES

56. This section assesses the performance in terms of successes and problems of the three types of SNs concerning five principal issues: (1) impact on poverty and fulfilment of targets; (2) managerial efficiency; (3) financing and sustainability; (4) participation by NGOs; and (5) political dimensions and replicability.

57. Evaluation is one of the weakest features of SNs. Very few of them set quantitative targets, and even fewer review the fulfilment of those targets. Efficiency is difficult to measure as it would require cost-benefit analysis of individual projects, personnel productivity and so forth. Impact on the poor is evaluated by most programmes against indicators such as the number of people who benefit from projects or the number of benefits provided - for example, jobs created, health centres built, etc. - but there is a lack of more sophisticated indicators, such as improvement of living conditions among the poor in such areas as income, health status, literacy.

58. Tables 4 and 5 offer a brief evaluation of 21 SNs for which information is available. Owing either to their very recent creation, or to lack of adequate information, six Latin American SNs and one African SN are not reported. A robust evaluation of performance of SNs is hampered by the lack of unified-standardized criteria, which in turn is an outcome of the differences in programme goals, periods of operation, and quantity and quality of data. Furthermore, those SNs which report data give the impression they face more problems than those SNs which do not release information. The following rankings (based on tables 4 and 5), therefore, should be considered very rough and tentative: six SNs are considered good, nine mixed and seven poor. Latin American SNs appear to have a better performance (38 per cent good, 50 per cent mixed and 12 per cent poor) than their African counterparts (15 per cent, 39 per cent and 46 per cent respectively). ESFs and SIFs tend to have a better performance (39 per cent good, 46 per cent mixed and 15 per cent poor) than SAPs (11 per cent, 22 per cent and 67 per cent respectively). Among the case studies, Bolivia's ESF appears to be the most successful: in 1990 the World Bank ranked it the best among 27 social sector projects funded by the bank. Bolivia's SIF, Chile's SIF and Honduras' ESF have also received good marks by external donors. Conversely, domestic and external evaluations of Ghana's SAP and Egypt's ESF raise many concerns, although the latter has been operating for only a brief period of time (less than one year at the time of writing).

A. Impact on poverty alleviation and fulfilment of goals

59. This section attempts to deal with the above issue in terms of the number of beneficiaries, how many of them are really poor and of what kind (see section II-B-1), and to assess the fulfilment of SN targets.

1. Population reached: do the poor benefit?

60. As noted above, SAPs and ESFs in Bolivia, Costa Rica, Egypt, Ghana and Honduras target conjunctural poverty resulting from economic reform, while SIFs in Bolivia and Chile as well as Mexico's SAP tend to target structural poverty.

61. Costa Rica and Mexico SAPs appear to have reached the highest proportions of their populations (32 per cent and 27 per cent) but there is considerable double counting in these estimates (because the same person may receive two or more benefits from different projects). In Costa Rica the bulk of the funds do not go to the poorest in rural areas but to urban middle-income groups: in 1977-1986 there was an increase of 20 per cent in projects that went to the wealthiest segment of the population; in 1982-1990 the expenditure shares of projects that benefited the poorest sharply declined (e.g. -35 per cent in social protection and -12 per cent in health and nutrition) but the shares of projects geared to urban middle-income groups increased (e.g., 32 per cent for housing and 22 per cent for micro-enterprises). It should be noted, however, that the overall social assistance network is quite extensive in Costa Rica and urban middle-income groups were more affected by the economic reform than were rural areas. Still, the SAP policy may have expanded urban-rural disparities (ILO 1992; ECLAC 1992). No disaggregated data are available on Mexico. The total number of projects funded is impressive in size, for example 3.4 million people with access to health care, and 190 hospitals, 1,750 health centres and 1,067 rural posts built or rehabilitated; half a million children granted fellowships and 7 million given milk; 600,000 peasants receiving credit (PRONASOL 1992). An antecedent of the current SAP - a programme on primary health care administered by social insurance and the states - was geared to the poorest most isolated rural communities, and it achieved remarkable success in the 1980s by providing those services to about 15 million peasants and their families (Mesa-Lago 1992).

62. Bolivia's ESF benefited 1.2 million people, about 14 per cent of the total population, but did not reach the poorest. The poorest 10 per cent of the population received 5 per cent of total expenditures (US $9 per capita) while the 36 per cent least-poor population received 48 per cent of expenditures (US $24 per capita). Bolivia's SIF has already reached 1.6 million people (19 per cent of the population) and has focused on the poorest, particularly in rural areas. About 81 per cent of SIF projects are located in areas whose inhabitants are among the poorest half of the population, while only 19 per cent of the projects are located in areas where the majority of people are in the upper half of the population. Furthermore, 75 per cent of projects go to rural areas and the remaining 25 per cent to peripheral urban areas (FIS 1992a; Graham 1992; Jorgensen et al 1993).

63. Honduras' ESF has reached 700,000 people so far (13 per cent of the population) and the majority of its funds go to the poorest in rural areas, but still a significant portion of such funds is accrued to the non-poor and urban areas. The 118 poorest municipalities obtained 100 per cent of funds for basic-need projects but the 94 poorest municipalities received only 76 per cent of funds for infrastructure. Furthermore, 66 per cent of the population living in the "poor" municipalities (ranked "very poor," "poor" and "deficient") received 70 per cent of total funds (US $4.6 per capita), but "regular" municipalities with 26 per cent of the population got 40 per cent of the funds (US $8 per capita), and "acceptable" municipalities with 8 per cent of the population were granted 3 per cent of the funds (US $2.20 per capita). Plans for 1994-1995 allocate 60 per cent of funds to rural areas and 40 per cent to urban areas. Finally a very high proportion of funds for basic social services (67 per cent) is allocated to school desks and little goes to basic health for the poorest. (Presidencia 1993).

64. Chile's SIF has reached only 55,000 people or 0.4 per cent of the population. Available data on the composition of the beneficiaries are not

precise. At least half of the projects go the poorest population (peasants, ethnic majorities, poor communities), but the other half is difficult to assess. The metropolitan region, which has 39 per cent of the population but a poverty incidence well below the national average, receives 22 per cent of all SIF projects but 39 per cent of those on social services. A recent internal evaluation reports that many beneficiaries are not poor and the poorest are often excluded (FOSIS 1992a, 1992b; Gobierno 1992).

65. Egypt's ESF reportedly has 290,000 beneficiaries (0.5 per cent of the population). No concrete data are available on the composition of beneficiaries but allocations by type of project can be used as indicators: 47 per cent of the funds went to enterprise development which targets displaced public-sector employees, university graduates, war returnees, and other urban unemployed and small entrepreneurs; another 5 per cent is allocated to pay compensation, training and credit for retrenched civil servants and university graduates; 18 per cent is invested in public works, mostly in the capital city and urban areas; 10 per cent is used to improve transportation in the two largest cities; and 19 per cent is devoted to community development which, among other groups, target rural poor women and children (Government 1992, SDEP 1992, 1993a, 1993b). The poorest appear to be a minority among ESF beneficiaries while the bulk of its operations has benefited well organized and vocal urban middle-income groups.

66. Ghana's SAP probably reached 50,000 people (0.3 per cent of the population) in 4.5 years of operation, but the total number of beneficiaries could be higher due to insufficient data. Most funds went to groups which are not poor: 34 per cent to redeployed workers in the public sector, but only 10 per cent for nutrition, 6 per cent for rural areas, 2 per cent for women, and 2 per cent for water wells (PAMSCAD 1990, 1991, 1992). Originally, there was a focus on the rural poor in the underdeveloped North but in practice only one project was implemented. As in the case of Egypt, Ghana has a large administration which bore the costs of public sector cuts; the bulk of the resources were, therefore, allocated to well educated, organized, politically powerful urban groups with the aim of mitigating the impact of the economic reform, but at the expense of the illiterate, isolated and unorganized poorest groups in rural and urban areas. (Graham 1993; Marc et al 1993; World Bank et al 1993).

2. Fulfilment of goals

67. Unfortunately only one country has information, albeit incomplete and fragmentary, which allows an assessment of goal fulfilment. Table 7 shows the initial targets (1987) and actual accomplishments of Ghana's SAP's major projects. Only one project fulfilled the target (by 77 per cent) and another came close to it (85 per cent), average fulfilment for the rest of the projects was 24 per cent.

B. Managerial efficiency

68. Three administrative issues are analysed below: (1) staff efficiency; (2) efficiency of employment projects; and (3) delays in starting operations and slow pace thereafter.

1. Staff efficiency

69. Most SNs rely on a highly-skilled well-paid and motivated staff supported by adequate equipment. Table 8 is an approximation of efficiency and relies on

four indicators: amount of funds managed per employee, number of projects per employee, average size of project, and percentage of administrative over total expenditures. These are rough indicators as they do not take into account the complexity and quality of the projects and their degree of success.

70. By the first two criteria, Bolivia's ESF and Chile's SIF rank at the top: their employees have handled more than US $2 million each, and the number of projects administered per employee is 36 and 56 respectively. However, Bolivia's ESF operated for close to five years while Chile's SIF has functioned for only about three years; on the other hand Chile hires an undisclosed number of outside consultants, which was not the case in Bolivia. Despite those caveats, the two programmes appear to have high staff productivity. The other three SNs exhibit lower indicators, which suggest lower staff productivity: Honduras has the lowest funds per employee (US $700,000) while Egypt has the smallest number of projects per employee (0.6 compared with 24.8 in Honduras). The period observed in Honduras is a year shorter than in Egypt; however, the annual funds per employee are similar. Bolivia's SIF lies in between the two programmes, but its two indicators are about one third those of its ESF predecessor. The average size of the projects varies greatly, from $37,000 in Chile to $107,000 in Egypt. These figures suggest that Chile's smaller-scale projects can be more easily handled by NGOs and local communities, while the opposite is true of Egypt larger-scale projects. Finally, data on administrative expenditures, which is available for only two countries, show a considerably higher percentage in Honduras than in Chile, and are consistent with the first two indicators in the two countries.

71. Probably the most thorough internal evaluation of performance across all SNs was conducted in Chile in 1992 and could be a model for other programmes. It reviewed virtually all projects and the overall result appears positive. The evaluation also detected many problems. Criticism of staff performance varied with projects but included: inexperience and inadequate expertize; excessive bureaucracy that lacks flexibility and speed in some cases; high administrative costs; and duplication of efforts. All of these problems absorbed resources that otherwise could have been devoted to social projects (FOSIS 1992b).

72. An international agency has noted that, to meet current demands in Bolivia's SIF, an evaluation of its staff's workload and responsibilities is required to decide whether it can be more efficiently reallocated or whether more personnel should be hired. In view of this programme's low scores in table 8, reallocation appears to make more sense. Similarly, in spite of Egypt's low scores in table 8, an internal ESF evaluation has recently projected an increase in personnel to reduce delays in disbursement.

2. Project efficiency: employment creation

73. Since it is impossible to appraise the efficiency of all SN components, employment creation, which is the common denominator among all SNs, has been selected for further discussion. Table 9 summarizes the available data and estimates two rough indicators of efficiency in nine SNs: the cost per job created, and the number of jobs created as a percentage of the labour force. These indicators should be taken with caution because of differences in data accuracy, periods of observation (one to five years), types of jobs created (short-term and low-productive versus long-term and more productive), and

remuneration of workers.[2] Chile's employment programmes (not SIF) exhibit the best indicators: lowest cost (US $121) and highest percentage of the labour force (3.8 per cent, excluding Nicaragua's plan). Conversely, Ghana shows the worst indicators: US $2,767 and 0.05 per cent respectively. Lying in between the two extremes are Egypt (US $1,040 and 0.8 per cent), Bolivia ESF's (US $2,400 and 3 per cent) and Peru (US $1,660 and 1.6 per cent).

74. Chile's, Bolivia's and Peru's projects shared important similarities: their aim was the rapid generation of massive unskilled jobs to cope with high unemployment; but the employments created were transitory and of low productivity. In Chile, remuneration was very low, most jobs were in non-productive activities, and the measures carried a welfare stigma for the beneficiaries. In Peru, jobs were mostly in basic social infrastructure and services, but there was excessive centralization, improvisation, poor supervision, delays in bidding, and insufficient tools and inputs, all of which led to low labour discipline and inefficiency. Bolivia created in one year less jobs than Peru (6,000 versus 28,000) at a considerably higher cost (US $2,400 versus US $1,660; if jobs in production projects are used, the cost in Bolivia increased to US $6,144). In summary, these programmes in Chile and to some extent less in Bolivia were efficient in fulfilling the SN short-term target but not in creating long-term productive jobs.

75. Current employment projects in Egypt and Ghana are similar to those in Chile and Peru, as they mostly aim to create short-term jobs to offset unemployment created by the economic reform. But there is an important difference, because major targets of these two African programmes are not unskilled workers (as in Chile and Peru), but laid-off public employees and unemployed graduates. The cost per job, therefore, is much higher, for instance, US $5,300 in Egypt, compared with US $259 for community development jobs which are similar to Chilean costs. Because of high per unit costs and significant concentration of funds in this type of projects, percentages of job creation in relation to the labour force are very small in both African countries (0.05 per cent in Ghana and 0.8 per cent in Egypt). These types of projects have had mixed results in Africa.[3]

76. Honduras' ESF emphasizes long-term employment creation and its costs per job are fairly close to Chile's: US $262 versus US $121. However, the number of jobs created in Honduras is only a fraction of those generated in Chile: 8,700 and 165,000. But Honduras' costs are one fourth of Egypt's and one tenth of Ghana's; furthermore, the percentages of jobs created in relation to the labour force in Honduras and Egypt are similar (0.7 per cent and 0.8 per cent), while Honduras' percentage is 14 times higher than Ghana's. Honduras project, therefore, appears to be efficient in the generation of long-term productive employment, although the absolute number of jobs created is relatively small compared with that in other programmes.

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[2] Costa Rica's and Nicaragua's data are not from implemented projects but medium-term plans (Egypt's figures are programmed for the end of 1993).

[3] Most credit projects have failed to achieve their targets according to Marc et al 1993.

3. Delays in starting operations and slow administrative pace

77. About one third of all SNs in tables 4 and 5 report delays or a very slow start in their operations and many suffer from a slow administrative pace thereafter. Ghana's SAP took two years to start and in its third year only 17 per cent of planned projects had begun to operate. Egypt also had a two-year delay in starting and a recent evaluation acknowledged that the rate of project implementation and disbursement is well below planned targets. The thorough evaluation done by most SIF projects in Chile systematically reported excessive delays in approval of contracts, and the allocation and disbursement of funds. In Honduras 40 per cent of contracts are behind schedule.

78. Those delays were partly caused by external financing difficulties - to be analysed in the next section - but also by internal administrative problems.

79. Chile, for example, reports that information on project competition does not always reach regions, provinces and communities and often arrives late. Delays are caused by excessive centralization, complex procedures and excessive red tape; monitoring and evaluation are weak spots. Honduras has acknowledged the need for automatization of information in order to expedite actions and make better decisions. In addition, there are deficiencies in accounting and computer book-keeping; it appears that there is a great need to computerize operations (including checks and receipts), establish a system of portfolio control to generate financial balances automatically, and set clearer standardized criteria for project selection and evaluation. Egypt has also detected poor diffusion of information on rules and criteria for selection. Periodic surveys among beneficiaries to detect problems and assess performance have been conducted in Bolivia, Chile and Honduras (FOSIS 1992b; SDF 1993a;).

C. Financing and sustainability

80. The three sources of financing SNs are external concessional loans and grants, government funds, and contributions by counterpart agencies and beneficiaries. In this section, a review of these three sources, as well as other financing alternatives are explored. The issues of financial sustainability are also addressed.

1. Sources and alternatives

(a) External funding

81. SNs have been successful in generating substantial external funding because of their innovative approaches and comparative efficiency vis-à-vis central ministries. But there is excessive dependence on external financing which averages 88 per cent of total financing in Africa and 72 per cent in Latin America and leads to high exposure and dependency on those sources of funding.

82. It was noted above that the higher the number of donors and the smaller their contribution shares, the more difficult negotiations become for approval and disbursement of funds. Bolivia's ESF is an example of the latter - i.e. small number of donors and highly concentrated shares in a few donors. Bolivia was also helped by the fact that it was the first to launch an SN in Latin America and to have a prestigious entrepreneur as its Director. Hence, negotiations, approval and disbursement of external funds were accomplished in a few months instead of the average one and a half years it normally takes (Van

Dijk 1992). Honduras had twice as many donors as Bolivia's ESF had, but two of them provide half of the funding, and its start was rapid too. SIFs in Bolivia and Chile have fewer donors as well as high concentration in shares, and have also had a speedy beginning. However, a recent evaluation of Bolivia SIF showed that donors are becoming involved in the location and type of projects they plan to finance, an attitude which imposes severe constraints on SIF management and leads to conflict with the programme priorities.

83. Ghana, which pioneered SNs in Africa, received less than half of the funds allocated to Bolivia ESF, but had twice the number of donors with very small shares each. Donors wanted to fund specific projects instead of general investment and, as a result, half of the projects were funded by three or more donors while some projects lack external funding altogether. Disagreements between the Government and the donors (compounded by the latter's unwillingness to simplify and shorten their procedures) contributed to a two-year delay in the starting of operations. This, in turn, combined with inflation, raised the costs of the projects and some of them had to be abandoned altogether. (PAMSCAD 1990, 1991, 1992).

84. Egypt's ESF had more donors than Ghana (although two of them provide half of total external financing). Disagreements also occurred as key donors opposed specific projects or wanted to modify their terms (for example, the interest rate on loans). The result was a two-year delay in starting of operations and by mid-1993, only 27 per cent of the total funds had been contracted. But part of that problem was caused by the inadequate capacity of ESF personnel who had to undertake intensive training (SDF 1992, 1993a).

85. An important lesson to be drawn from this experience is that donors should give funding to the entire SN programme, provided that projects financed conform to agreed criteria between the SN and the donors.

(b) Government

86. This is the second most important source of SN financing, both in Africa and Latin America, but it contributes a very small share of the total: 15 per cent or less of total financing in 14 programmes, and more than 15 per cent in only five programmes. Although the government should, in principle, assure proper financing to the SN, the question is how to secure access to funds.

87. Tax reform could be one possibility. Regressive indirect taxes are currently the major source of government revenue in Latin America and Africa and these should be partly shifted to direct, more progressive taxation (on income, capital gains, etc). But that task requires previous improvement in the efficiency of tax collection. Other financing alternatives are: (i) funds from privatization of State enterprises (e.g. Venezuela, Mexico); (ii) reduction of current government expenditures (e.g., from State price subsidies to SNs); (iii) conversion of the external debt into social projects (e.g. Chile, the Dominican Republic, Ecuador); and (iv) increased contributions from counterparts--to be discussed in the next section (UNCTAD 1993; UNICEF et al 1990).

(c) Counterparts: managing agencies and beneficiaries

88. Tables 4 and 5 suggest that counterparts either do not contribute at all or do so in a small proportion: from 3 per cent to 24 per cent of total

financing in five countries (in two other countries the combined share of government and counterparts is 6 per cent and 57 per cent).

89. Bolivia's SIF has the highest counterpart share (23 per cent), and allows it to be contributed in the form of work; this erases the charity stigma from the programme but raises the issue of how to measure that contribution and monitor it. In Bolivia's ESF the range of counterpart share in the total cost of project managed was as follows: 17 per cent in religious organizations; 15 per cent in grassroots organizations, cooperatives and municipalities; 11 per cent in NGOs; and 5 per cent to 9 per cent in other government organizations; shares in rural projects were usually higher than those in urban projects (Jorgensen et al 1993). Honduras sets a general share of 10 per cent and counterparts are expected to contribute at least 15 per cent of cost recovery in sanitation projects. No separate share is available for Chile but it might be high; in "poor localities" projects, beneficiaries could contribute half of the total cost (in 60 per cent of the projects the beneficiaries share rises to 70 per cent). In Mexico the contribution of beneficiaries (particularly in primary health care projects) is made in the form of communal work, and occasionally in land or local materials. No specific counterpart contribution is made in Ghana, but about half of the cost of community-development projects is paid by the beneficiaries.

90. A minimum counterpart contribution should be established in all SNs: it should be higher and in cash for managing agencies (particularly if they are profit-making) and either in cash or labour or a combination of both, for beneficiaries.

2. Sustainability

91. SNs are complementary entities to government social policies and programmes and, hence, cannot eradicate poverty (particularly of the structural type) by themselves. In addition, most SNs are of a temporary nature and must try to offset the negative effects of their eventual disappearance on poverty alleviation. Furthermore, short-term SNs normally assume that structural poverty will eventually be alleviated by economic recovery, after a transitional period and completion of structural adjustment; but this period might last longer than anticipated if economic reform meets with unexpected complications or is not successful. Finally, SNs are extremely dependent on medium-term external funding and once they are terminated the survival of their projects can be put in jeopardy.

92. One temptation of SNs is to prolong their existence either because of a successful performance or in order to cope with the bureaucratic and beneficiaries' pressure. The trend towards long-term SIFs, although positive in many senses, may be also an indication of that desire for permanency and avoidance of the sustainabilty problem. In any event, most SNs face a given date of termination as well as financial constraints that impede their prolongation in time. And there are also serious reservations about the prospect of SN bureaucratization and loss of their essential functions.

93. SNs, therefore, must deal with the sustainability issue and to this end should: (a) use their accumulated knowledge and experience to restructure and strengthen central social ministries, in order to improve their performance on poverty-alleviation and provide a smooth transfer of SN activities after their conclusion; (b) coordinate their actions with central ministries as well as

managing agencies to secure adequate long-term financing of their projects; (c) improve and expand the capacity of the non-government sector to increase its ability to manage and raise funds for the projects in the long run; (d) search for alternative domestic sources of financing with the same objective; and (e) select projects partly on the basis of their chances for sustainability.

94. The capacity for sustainability of SNs varies according to their nature and types (table 3). It tends to be high in SAPs because they are normally integrated with central ministries and other public agencies, thus facilitating the transfer of knowledge and assurance of future funding for projects. Sustainability is medium to high in long-term SIFs because this issue is of central concern to them and they appear to have fair coordination with government agencies. Finally, sustainability is relatively low in ESFs because of their temporary nature, high autonomy and poor coordination with central ministries. The emphasis is placed on expediency in the short-term.

95. Honduras' ESF has taken several steps to increase the sustainability of its projects: (a) select those with low recurrent costs such as training of health-care promoters; (b) give priority to rehabilitation of existing schools, health centres and roads rather than to new construction; (c) secure that central ministries include in their budgets adequate financing for equipment and staffing of new schools and health-care facilities, prior to the signing of project contracts for those activities; (d) select for social service projects those NGOs which have a good record in cost sharing; (e) assign and collect a specific cost-share in projects; and (f) secure adequate cost-recovery and maintenance in water-sewage projects. Recovery of ESF loans to NGOs and from beneficiaries to NGOs is quite high (about 95 per cent). But transfer of ESF knowledge to central ministries has been small or very poor. As the time of termination of the Honduras ESF approaches, there is a debate about whether its life should be extended until all its tasks are accomplished or whether the fund should be liquidated on schedule ? Among Chile's measures to increase sustainability is the obligation imposed on local communities that manage irrigation projects to rehabilitate and maintain the installations, but only about one third of them comply with such requirements (FOSIS 1992b).

96. In Egypt, a substantial portion of its ESF funds are allocated to a revolving fund that lends with interest to the beneficiaries but no data are available on repayment. However the interest rate assigned to many loans is below the market rate and even below inflation; hence, even with a high rate of repayment, the real value of the revolving fund will shrink. Another concern is that many displaced civil servants and university graduates, who receive loans to develop small private enterprises, lack the skills and experience to successfully build those businesses; training may provide the needed skills but no information is available on results yet. Ghana, on the other hand, reports high repayment rates for its SAP loans to women (84 per cent) but not as much for micro-enterprises (65 per cent to 70 per cent) and even less for peasants (22 per cent) (PAMSCAD 1992).

D. Participation by non-governmental organizations

97. The active involvement of NGOs and other organizations (grassroots, religious, unions, peasants, cooperatives, communities) in SN activities have multiple advantages: ability to reach the poor, detection of their problems and needs, adaptation of poverty-alleviation projects to local conditions, mobilization of local resources for counterpart financing, stimulation of direct

participation by beneficiaries, development of infrastructure and delivery of social services at lower costs, promotion of innovative solutions, increased sustainability of projects, strengthening of decentralization and autonomy of SNs, and eliciting of base support for SNs and the economic reform. Ideal as it is, participation by the non-government sector is often obstructed in practice by two types of problems: limited managerial capacity of such entities, and frictions between them and the government (Marc et al 1993). This section assesses the actual degree of participation of these entities in the selected case studies, as well as their progress and current limitations.

1. Degree of participation

98. Among Latin American SNs one of the highest rates of participation of the non-government sector was achieved by Bolivia ESF: 25 per cent of total projects were implemented by it (9 per cent by religious organizations, 7 per cent by NGOs, 6 per cent by grassroots organizations and 3 per cent by cooperatives) and that proportion reached 57 per cent in social assistance projects and 52 per cent in productive projects; one fourth of all funding went to these entities; within the government sector, 17 per cent of projects were given to municipalities (Jorgensen et al 1993). In Bolivia's SIF the non-government sector participation is also high at 29 per cent: 19 per cent by NGOs and 10 per cent by the rest (FIS 1992b). In Honduras, 22 per cent of projects are managed by non-government entities: 12 per cent by NGOs (84 per cent in basic needs projects), 9 per cent by neighborhoods and 1 per cent by the rest; out of government-managed projects (78 per cent of the total), 66 per cent are operated by municipalities (information from World Bank). No overall participation figure is available from Chile but it appears to be high; specific information available by SIF components shows: (a) in "Entre todos" (a highly successful project of self help organization in poor communities) out of 37 organizations all but one are NGOs; (b) nutrition is the full responsibility of the organized community supported by NGOs; (c) in "poor localities" most projects are managed by NGOs and social organizations; (d) in "support to micro-enterprises" there is high participation of NGOs, communities and private small-scale enterprises; (e) in reforestation projects, NGOs manage only a minority; and (f) in peasant and ethnic projects NGOs have a fair involvement (FOSIS 1992b).

99. Participation in African SNs appears to be smaller than in Latin America, although Guinea Bissau and Senegal AGETIP have a good record. Despite the fact that Ghana's SAP was located in the ministry of local government, precisely to promote decentralization and local participation, there was no significant involvement of non-government entities in project management, except in the food-for-work project; reportedly only one community and one NGO managed projects; in the planned second SN version only one NGO (financed from its own funds) is expected to participate.

2. Limitations and problems

100. Non-government organizations usually have limited resources and cannot hire high-skilled personnel. Hence, their capacity to prepare good proposals and successfully manage projects tends to be low. This is particularly true in rural areas where poverty incidence and other social indicators (e.g. illiteracy) are worse than in urban areas. Demand-based programmes (ESF and SIF) confront a more difficult situation than supply-based SAPs as their projects should be initiated from below and managed by these organizations. Such an obstacle might be an explanation for less participation of the non-government sector in African SNs.

particularly in the poorest countries. However Bolivia and Honduras have socio-economic development levels similar to Ghana and Egypt, and the former two countries have successfully promoted participation while the latter two have performed poorly in that task. It could be argued, however, that these two Latin American countries have more developed NGOs than their two African counterparts.

101. Crucial measures to promote the involvement of these organizations in SN activities are: (a) creation of a national supportive framework (legal, financial) to encourage their inception and expansion; (b) support to the mobilization of the poor; (c) help to improve their managerial capacity; and (d) wide diffusion of information on the SN rules and selection criteria. The first is obviously the task of the government, but SN should play an active role in the other three (although the second task might be controversial).

102. The second limitation for a more active participation of these organizations in SN activities is the distrust, and sometimes opposition, they have towards the government. Often NGOs and social organizations have been havens for political opposition and the government has tried to control and even dissolve them. In order to change these attitudes the government should develop a more cooperative attitude and grant complete autonomy to SNs, which in turn should be politically neutral, impartial in the selection of projects, and willing to strengthen the capacity of these organizations and their ability to obtain projects.

103. Evaluations conducted in most of the case studies provide important information on the above issues. Bolivia's ESF was very successful in breaking the distrust and hostility of non-government organizations by granting projects to many such organizations which were in opposition to the incumbent party, by performing its functions in a technical, transparent and efficient manner, by protecting the organizations' autonomy vis-à-vis the Government, and by providing some technical support to the organizations. But local NGOs were not very successful in expanding their operations, most projects were allocated to religious organizations, and NGOs did not reach the poorest population (Graham 1992, 1993; Jorgensen et al 1993). Bolivia's SIF was in part established to improve that situation but, at the time of writing, NGOs' activities were concentrated in urban areas, and rural NGOs had very low capacity and were not receiving the needed technical aid from FIS. Furthermore, in spite of the significant accumulated experience (eight years) there was no systematic attempt to evaluate the performance and replicability of NGOs and other organizations (Godinez 1992; World Bank information).

104. As noted in the previous sections, significant changes have been made by the Government of Chile over the last four years. Probably the most successful SIF project is "Entre todos" which promotes the capacity of poor communities to organize themselves, identify problems and rank needs, elaborate concrete proposals to deal with their principal necessities, and manage the resulting projects. Recent surveys show strong support on the part of beneficiaries for this programme and a recovery of their confidence in public action to alleviate poverty. But many problems remain: (a) procedures in some projects are not clear enough or the pertinent information does not reach the communities on time, hence, the poor are practically excluded; (b) peasant organizations have to compete with NGOs and private businesses which have access to resources and trained personnel; (c) some peasants, ethnic and youth groups also feel they are marginal and that the Government does not trust them; (d) many organizations request SIF assistance and training to improve their skills prior to submitting

proposals, and later to manage projects efficiently; and (e) there are NGOs' requests for participation not only in the initiation and management of projects but also in the design of SIF policies as well (FOSIS 1992 b).

105. Egypt's ESF is rapidly developing regional offices to improve the low capacity of NGOs. In Ghana, NGOs could have played a key role in alleviating some of its SAP flaws, such as centralized decision-making, high overhead costs, slow implementation of projects and not reaching the poorest. But little effective effort was made to improve the capacity of these organizations and they did not have any significant input in PAMSCAD.

B. Political correctness and poverty alleviation

106. We have seen that political considerations play various roles in the performance of SNs. SNs render economic reform more palatable to those affected and improve its viability. In addition, SNs can affect electoral prospects. The question to be addressed is whether politics in SNs pays off.

107. SAPs in Egypt and Ghana have targeted civil servants and university graduates, as well as other unemployed urban groups, as major beneficiaries, with the intention of facilitating the economic reform. Due to the scarcity of resources, however, these countries could not pursue that policy and simultaneously alleviate massive structural poverty (Marc et al 1993). The selection of that priority has been more typical of Africa than Latin America for several reasons. The State sector in many African economies is predominant and has demanded a huge bureaucracy. But the latter has also been generated by the practice of political patronage and clientelism, as well as the provision of jobs to all university graduates and the desire to avoid unemployment of the educated and vocal group. Egypt and Ghana were typical examples of these policies but eventually had to abandon such practices, accept economic reform and cut public administration, because the group targeted for social protection was very small while the number of those suffering poverty was enormous. Furthermore the projects receiving most SN resources appear to have a mixed performance at best and low sustainability.

108. In Latin America the dilemma has not been as serious as in Africa because the State sector, although important, has not been predominant, except in two countries, and public administration has not grown as much. In addition, several political leaders have taken a stronger stand on economic reform than their African counterparts. Bolivia's ESF is an illustrative case because tin miners there were organized into the most powerful union and they were seriously hit by declining tin prices and economic reform. Instead of targeting this group as the main beneficiary of the ESF, the Government used the ESF to help the poor masses. This policy was successful in eliciting wide support for the reform. (Graham 1992). Conversely, in Venezuela, the ESF was not an essential instrument for compensating the poor for the widespread social costs of the economic reforms and the final outcome was a political crisis.

109. The different SNs' targeting of and impact on the poor in most of the examples discussed above cannot be easily written off as an outcome of socio-economic divergences among them. Tables 1 and 2 show that the two pairs of case studies Bolivia/Ghana and Egypt/Honduras have similar indicators, and the four cases' ranks are quite close among the 27 countries selected. Furthermore, Honduras has three times the poverty incidence of Egypt while Bolivia's and

Ghana's urban poverty incidence is similar. Still the absolute number of poor in the African countries is higher than in their Latin American counterparts: about three times in Egypt over Honduras and 1.6 times in Ghana over Bolivia. Funding per capita of total population is four to five times higher in the Latin American pair than in the African pair, but in per capita of the poor all four SNs are similar, except for Ghana which has one fourth of the rest (see table 9). And yet the impact on both beneficiaries and the poor widely surpasses that difference: beneficiaries in Bolivia (SIF) and Honduras account for 19 per cent and 13 per cent of the total population and 33 per cent and 18 per cent of the poor population respectively, while in Egypt and Ghana the respective figures appear to be 0.5 per cent and 0.3 per cent of the total population, and 2.3 per cent and 0.6 per cent of the poor. The impact on beneficiaries in Honduras is 26 times higher than in Egypt (in total population) and 8 times higher (in poor population), while the ratios of Bolivia over Ghana are respectively 64 times and 48 times higher. Last but not least, targeting of the poor in the Latin American pair has been considerably better than in the African pair. The different outcomes in poverty alleviation, therefore, appear to be more a result of politics and approaches than socio-economic disparities, absolute figures on total and poor population, and level of financing.

110. But being both politically correct on the use of SNs and successful in poverty alleviation does not necessarily secure popularity at the polls. However, without generously funded SAPs, political instability in some countries could have grown to dangerous levels and the economic reform have been jeopardized.

111. In summary, there are no clear conclusions on whether SNs pay off politically, but it is clear that appropriate SN policies can maximize poverty alleviation and increase the probabilities for a successful economic reform.

TABLE - 1

ECONOMIC AND SOCIAL INDICATORS IN SELECTED AFRICAN COUNTRIES: CIRCA 1990

Countries	GDP Percapita Million US$ 1991	Average Annual GDP Percapita Growth 1981-90	Average Inflation Rate 1980-91	Average Real Wage 1980 = 100 (around 1986)	Urban Unemployment (around 1986)	Poverty Incidence (around 1985)		Illiteracy (% of age 15+) 1990	Infant Mortality (per 1000) 1991	Life Expectancy (at birth) 1991	Score[a]	Rank	UNDP Human Dev't Index[b]
						Urban	Rural						
AFRICA													
Cameroon	850	-0.3	4.5	108		15	40	46	64	55	11.37	10	21
Chad	210	3.7	1.1	--		30	56	70	124	47	15.28	18	25
Egypt	610	2.1	12.5	--	10.7	21	25	52	59	60	11.57	12	16
Ghana	400	-0.6	40.0	150		59	37	40	83	55	13.75	15	27
Guinea	460	0.7	--	64		--	--	76	136	44	19.00	24	20
Guinea Bissau	180	2.8	56.2	--		--	--	64	148	39	20.00	26	24
Madagascar	210	-2.0	16.8	65		50	50	20	114	51	15.50	19	18
Sao Tome & Principe	--	-3.6	21.5	--		--	--	--	69	67	15.75	20	17
Senegal	720	0.3	6.0	74	17.3	--	--	62	81	48	14.14	17	23
Somalia	--	-1.1	49.7	--		40	70	76	126	48	21.00	27	26
Uganda	170	1.0	104.6	--		--	--	52	118	46	19.00	24	22
Zambia	--	-2.5	30.8	75	19.0	25	--	27	106	49	16.83	22	19

a Average of the ranking (1 to 27) of each of the eight indicators (excluding unemployment) for each country. All the Latin American and African countries are taken together in calculating their ranking for each indicator. Poverty incidence in rural areas is used in the countries' ranking for the indicator.

b All Latin American and African countries are ranked among them (1 to 27) based on the UNDP Index.

Sources:

GDP per capital in dollars, inflation, illiteracy, infant mortality and life expectancy from World Bank 1993; GDP per capita growth and poverty incidence from UNDP-World Bank 1992; real wages from World Bank 1991b, Hellelner 1992; and human development index from UNDP 1993.

TABLE 2

ECONOMIC AND SOCIAL INDICATORS IN SELECTED LATIN AMERICAN COUNTRIES: CIRCA 1993

Countries	GDP Percapita Million US $ 1991	Average Annual GDP Percapita Growth 1981-90	Average Inflation Rate 1980-91	Average Real Wage 1980 = 100 1992	Urban Unemployment		Poverty Incidence			Illiteracy (% of age 15+) 1990	Infant Mortality (per 1000) 1991	Life Expectancy (at birth) 1991	Score[a]	Rank	UNDP Human Dev't. Index[b]
					1985	1992	Total	Urban	Rural						
							1990								
LATIN AMERICA															
Argentina	2,798	-2.8	416.9	75.6	6.1	6.9	13	12	17	5	25	71	8.77	8	6
Bolivia	907	-2.6	263.4	--	5.8	6.8	--	50	--	23	83	59	15.85	21	15
Chile	2,637	0.9	20.5	114.9	17.0	5.0	35	34	36	7	17	72	6.44	1	2
Colombia	1,428	1.4	25.0	116.7	14.1	10.5	38	36	42[c]	13	23	69	7.77	5	7
Costa Rica	1,664	-0.5	22.9	83.1	6.7	4.3	24	22	25	7	14	76	5.22	2	3
Ecuador	1,264	-0.9	38.0	--	10.4	8.5	--	--	--	14	47	66	11.42	11	9
El Salvador	1,058	-1.9	17.4	--	--	8.0	--	--	--	27	42	66	11.28	9	11
Guatemala	904	-2.0	15.9	--	12.0	6.5	68	54	75[c]	45	60	64	13.25	14	13
Honduras	754	-1.0	6.8	--	11.7	7.6	75	65	84	27	49	65	12.00	13	14
Mexico	2,299	-0.7	66.5	85.0	4.4	3.2	30	23	43	13	36	70	8.44	7	6
Nicaragua	485	-5.2	583.7	--	--	--	--	--	--	--	56	66	18.80	23	12
Panama	2,084	-1.5	2.4	--	15.7	18.0	38	34	48	12	21	73	7.30	4	8
Peru	1,367	-3.2	287.3	42.5	10.1	5.9	52	45	64	15	53	64	13.88	16	10
Uruguay	2,792	-0.3	64.4	75.1	13.1	9.3	15	14	23[c]	4	21	73	6.66	3	1
Venezuela	3,519	-2.2	21.2	--	14.3	8.0	34	33	38	12	34	70	8.25	6	5

[a] Average of the ranking (1 to 27) of the nine indicators for each country. All Latin American and African countries are taken together in calculating their ranking for each indicator. Urban unemployment in 1992 and Poverty incidence in rural areas are used in the countries' ranking for these indicators.

[b] All the Latin American and African countries are ranked among them (1 to 27) based on the UNDP index.

[c] 1986

Sources: GDP per capita in dollars and growth rate from IDB 1992; real wage and urban unemployment from ECLAC 1992; inflation, illiteracy and life expectancy from World Bank 1993; poverty incidence and infant mortality from ECLAC 1992d; human development index from UNDP 1993.

TABLE 3

COMPARISON OF DIVERGENT FEATURES AMONG THE THREE TYPES OF SAFETY NETS

Features	Social Action Programs (SAP)	Emergency Social Funds (ESF)	Social Investment Funds (SIF)
Duration	Long-, medium- and short-term. Usually disappear when goals are met and/or time period (when specified) ends.	Short-term, temporary, conjunctural. Emphasis on speedy action. Disappear when goals are met and/or time period expires.	Long- and medium-term. More permanent, usually no specific time period is set.
Target Population	Mostly vulnerable groups affected by economic reform but also chronically poor. Tend to focus more on urban than rural.	Most vulnerable groups affected by economic reform (new poor). Tends to focus more on urban than rural areas because former is more affected by reform.	The chronically poor, the most needy. Emphasis on more precise targeting over speed. More balance between urban and rural areas.
Overall Objective	Mitigation of transitional social costs of economic reform and, to less extend, medium to long-term policies to reduce poverty.	Mitigation of transitional social costs of economic reform and prevention of further deterioration of living conditions.	Reduction/eradication of poverty and integration of poor into production.
Specific Policies	Combination of ESF and SIF policies.	Temporary relief through jobs, training, food, unemp't. compensation, basic social services, rehab. of infrastructure.	Creation of permanent jobs and increase in income and productivity (credit, training and tech.-aid packages), dev't/expansion of economic- social infrastructure, improv't of health and education.
Administration, Autonomy, Decentralization	Least decentralized and autonomous. Gov't. branches or public agencies often identify/manage projects (particularly employment programs); mostly are supply-based but some are demand-based.	Most decentralized and autonomous. Intermediary agencies select/monitor projects based on pre-set standard criteria but don't identify/manage them (demand-based). Can directly fund projects.	Not enough data but appear relatively decentralized and usually autonomous. Rest of features as in ESF, but usually require bidding to award projects. Mostly demand-based but also supply-based.
Integration/coordination with other public agencies.	Usually high but varies significantly.	Relatively low.	More than in ESF.
Participation of NGOs, local communities, municipalities, private for-profit businesses.	Limited role (with exceptions). No significant dev't of local capacity.	High. These organizations identify/manage projects. Contribute to strengthen local capacity.	High, but more participation of gov't. agencies. Contribute to strengthen local capacity.
Procedures for Procurement, Disbursement and Approval	Tend to be complex and cumbersome due to need of coordination and many agencies involved.	Procedures tend to be simple and flexible, due to inde- pendence plus fast action.	Procedures tend to be more complex than ESF due to emphasis in proper targeting and more coordination with gov't. agencies.
Relationship with economic reform	Usually strong.	Fair.	Often introduced after major goals of economic reform have been achieved.
Political interference	Tends to be high with notable exceptions.	Often very low or none.	Appears to be low.
Sustainability and transfer of knowledge to gov't.	High because of integration with both gov't. agencies and macro national policies.	Relatively low (not central issue) because of its temporary nature, emphasis in speed, and less coordination with gov't.	Medium to high (it is important issue) because more emphasis on long-run, and better coordi- nation with other gov't agencies.

Sources: Author's summary based on Godínez 1992, Marc et al 1993, UNCTAD 1993, UNICEF et al 1990 and analysis of case studies.

TABLE - 4

CHARACTERISTICS OF SAFETY NETS IN AFRICA: 1988-1993

Countries/ Programs	Start Year	Duration (years)[a]	Type		Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF/ SIF[b]			SS	SEI	EC/IG	Total (million dollars)	Percentage Distribution			
											Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
CAMEROON SOA	1991	n.a.	X		None	Laid-off public employees, urban young, undernourished children & women.	X	X	X	49	78	22	0	Few components have started, slow disbursement, external donors withdrawal or suspension, heavy bureaucracy, too many components and complexity.
CHAD PADS	1991	n.a.	X		None	Those affected by adjustment, laid-off public employees, specific cities.	X	X	X	27	95	2	3	Low start, very slow implementation, disagreements with donors, political instability, complex management, weak institutions.
EGYPT SFD	1991	5		X	Medium, non-govt. agency but strong govt. control.	Low-income groups affected by adjustment in poor areas: unemployed public employees and university graduates, women and children, war returnees, rural poor.	X	X	X	613				Projected 290,000 beneficiaries (0.5% of population) and 66 projects. Two-year delay in start, insufficient resources even to tackle effects of economic reform, problems of targeting, slow disbursement, institutional capacity, sustainability and evaluation.

Table 4 (contd.)

GHANA PAMSCAD	1987	6	X		Relatively low; some role of local govts., communities & NGO.	Groups affected by economic reform: rural afflicted by seasonal unemployment and hunger, low-income, unemployed and under-employed urban households, retrenched public employees, poorest regions, undernourished women and children.	X	X	X	80	94	6	0	Possibly 50,000 beneficiaries (0.3% of population). Very low start, donors delay, complex and centralized administration, dispersion among many programs, improper targeting, low transparency and sustainability, serious underfulfilment of goals. Terminated in 1993.
GUINEA SEDSP	1989	No		X	Medium; strong supervision by ministry.	Laid-off public employees and unemployed graduates; undernourished women and children.	X	X	X	13	87	4	9	Very low start but improving. Inexperienced staff, difficulties to recruit technical staff, lack of good small-scale projects.
GUINEA-BISSAU SIRP	1989	n.a.	X		None	Underemployed and low-income urban households, laid-off workers, small farmers with low productivity.	X	X	X	17	94	6	0	Rapid (ahead of schedule) and successful implementation, positive impact, good technical assistance; one donor withdrew.
MADAGASCAR EMSAP	1989	n.a.	X		None	Mainly women and children at risk from malaria, the dispossessed with good insecurity, laid-off public employees.	X			41	88	12	0	Very slow pace (except for malaria which is completed), cumbersome govt. procedures, lack of govt. funds, no NGO involvement, weak political support.

Table 4 (contd.)

Countries/ Programs	Start Year	Duration (years)[a]	Type		Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF/ SIF[b]			SS	SEI	EC/IG	Total (million dollars)	Percentage Distribution			
											Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
SAO TOME & PRINCIPE														
SIF	1990	6		X	High	Imprecise targeting: poorest segment of population.	X	X	X	8	87	13	0	First project completed in 1993 (3 years ahead of schedule), well implemented, positive impact on underprivileged groups.
SENEGAL														
DIRE	1987	n.a.	X		No	Laid-off public employees and unemployed graduates.			X	10	50	50	0	Very poor performance; govt. dominated, no follow up, no feed back, $3 million wasted.
AGETIP	1990	2		X	Medium	Urban unemployed and small enterprises in capital.		X	X	33	85	15	0	First program rapidly and successfully completed, low cost, politization and no links to NGOs.
SOMALIA														
SAF	1989	n.a.		X	Medium; located in ministry.	Those with insufficient income to meet basic needs, poor in isolated rural areas, undernourished women and children, unemployed due to reform.	X	X	X	7	100		0	Early success, rapid implementation, high NGOs role. Interrupted by civil war at end of 1990.
UGANDA														
PAPSCA	1990	n.a.	X		None	Poorest rural and urban in informal sector, children without access to basic social services, war orphans, women and disabled.	X	X		37	99	1	0	Very slow start, most components just beginning.

Table 4 (contd)

ZAMBIA														
SRP	1989	n.a.		X	Medium, located in ministry.	Critically poor and poor in rural areas.	X	X	X	49	94	6	0	Started very well, rapid disbursement. Need of better control and application of procedures, and flexibility.
MPI	1991	n.a.		X	No, but demand-based.	Poorest affected by adjustment.		X	X	20				Successful, recently expanded, reaches the poorest, but needs to promote participation by some groups.

CODES

SAP = Social Action Program; ESF = Emergency Social Fund; SIF = Social Investment Fund;
SS = Social services, mostly primary health care, provision of essential drugs, epidemic control, primary education, nutrition, women and children;
SEI = Social and economic infrastructure, mostly construction/rehabilitation of facilities for: primary health care, sanitation (water, sewage), primary education, feeder roads, markets, low-cost housing, child care;
EC/IGE = Employment creation and income generation, mostly temporary jobs, vocational training, credit and technical aid to: micro-entrepreneurs, laid-off public employees and, to less extent, women, disabled and peasants.

a : "No" means that there is no specific time period specified in the law.
b : Most of these programs are ESF but it is difficult to differentiate them from SIF.
C : Non-government agencies executing contracts (NGOs, communities) or beneficiaries.

Sources : Author's summary mostly based on Marcel et al 1993, except for Ghana and Egypt which are based on author's field research, and Senegal and Zambia based on Graham 1993.

TABLE - 5

CHARACTERISTICS OF SAFETY NETS IN LATIN AMERICA: 1986-1993

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
ARGENTINA															
FAIS	e	n.a.		X		Legally	Chronically poor, low income communities.	X	X	X	n.a.				n.a.
BOLIVIA															
FSE	1986-91	4.5		X		High	Urban and rural areas affected by unemployment, with poor health and nutrition standards, specific groups.	X	X	X[g]	191	85	15	0	Very successful: one million beneficiaries (14% of population), 3,269 projects, non-political, excellent links with NGOs, enhanced local govts., positive political effects. But lack of adequate selection criteria, little permanent effects, only a fraction of poorest reached, women neglected.
FIS	1990	No			X		Poorest 50% of population with very low indicators of health, nutrition and education.	X	X		96	69	8	23	Successful: 1.6 million beneficiaries (19% of population); 1,311 projects, 81% of projects going to poorest 50% of population. But need of improvement in: govt. coordination, SIF monitoring and evaluation, targeting, criteria for project selection and participation of rural NGOs.

Table 5 (contd.)

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
CHILE POSIS	1990	no			X	Relatively high; but govt. majority in council.	Regions and areas with worst poverty indices; lowest income groups (rural, mining, fishing), unemployed, marginalized youth, ethnic groups, women.	X	X	X	77	43	--57--		About 55,000 beneficiaries (0.4% of population), 2,076 projects. High capacity to mobilize external funds and large share contributed by beneficiaries; successful programs on nutrition and strengthening of community's capacity; strong NGO participation. But too long and complex procedures, lack of coordination with other public programs, need to improve targeting, information and evaluation.
COLOMBIA FSE	1992	3		X		n.a.	Poor living marginally, targeted minorities.	n.a.	n.a.	n.a.	n.a.				n.a.
COSTA RICA FODESAF	1975	None	X			None	Poor and lowest income groups in urban and rural areas.	X	X	X	123				One million beneficiaries (32% of the population). Widespread global social protection through different govt. programs and some poverty alleviation by fund, but inadequate program targeting, (does not reach the poor but middle-income) some inefficiency and need of global integration of social policy.

Table 5 (contd)

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counterparts[c]	Progress/ Problems
ECUADOR 14 Funds	1980s	No	X			None	Critical poverty in urban and rural areas: children, elderly, urban marginal, peasants, informal sector.	X	X	X	180				Too many programs impede overall evaluation.
EL SALVADOR FIS	1990	4		X		High	Critical poverty: pregnant-nursing mothers, children, women, youth, war-affected municipalities, micro-enterprises, small farmers.	X	X	X	67	67	9	24	1.4 million beneficiaries (27% of population), 1,693 projects. Impressive performance: solid finances, transparency, efficiency; politically neutral, strong links with communities and NGOs. But difficulties to reach the poorest, and little going to health and nutrition.
GUATEMALA FIS	e	No		X[f]		n.a.	Poorest rural and urban groups: children, women, ethnic/regional groups.	X	X		95	95	5	0	n.a.

Table 5 (contd.)

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counterparts[c]	Progress/ Problems
HONDURAS PRAF	1990	4		X[f]		High, but govt. majority in council.	Groups badly affected by adjustment: urban-informal and rural-traditional sectors, undernourished women and children, ethnic groups.	X	X	X	105	78	12	10	About 700,000 beneficiaries (13% of the population), 3,727 projects. Rapid start, good performance, well targeted on poor; 700,000 beneficiaries, high participation of municipalities. But too much funds left for last year, delays in infrastructure, need to diversify in basic needs, small share of funds to informal sector.
MEXICO PRONASOL	1989	No	X			Relatively low; strong community participation.	Critically poor: peasants and ethnic groups in isolated rural regions, marginal urban communities, women and youth, migrants.	X	X	X	2,000 to 3,000	0	100	0	Possibly 24 million beneficiaries. Rapid results, enormous resources, progress particularly in health and also in education, credit to production and other basic services total expenditure was 0.7% of GDP in 1992 but might have not reached the poorest.
NICARAGUA FISE	1990	5		X		Legally, but no NGOs/local com. representatives in council.	Extreme poverty resulting from civil war and structural adjustment.	X	X	X[g]	n.a.				n.a.

Table 5 (contd.)

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
PANAMA PES[d]	1990	3		X		Legally	Poorest urban and rural: unemployed and underemployed; ethnic, regional and marginal groups; youth.	X	X	X[g]	n.a.				n.a.
PERU FONCODES	1991	n.a.		X		Legally, but govt. control.	Poor but not clear targeting.	X	X	X	75				Delay in start, really began in 1992, 3000 projects funded, national coverage. But govt. attempt to control it politically, grossly insufficient fund to reach 12 million poor, inadequate targeting.
URUGUAY PRIS/PISE[d]	1990	4		X[f]		n.a.	Poor and critically poor affected by adjustment: unemployed, pregnant women, children, elder, disabled, undernourished.	X	X	X	n.a.				n.a.

Table 5 (contd)

Countries/ Programs	Start Year	Duration (years)[a]	Type			Autonomy	Target Population	Policies/ Projects			Financing				Evaluation
			SAP	ESF	SIF			SS	SEI	EC/IG	Total (million dollars)[b]	Percentage Distribution			
												Ext'l	Govt.	Counter-parts[c]	Progress/ Problems
VENEZUELA FONVIS	1990	No		X[f]		Legally, but strong govt. represent-ation in council.	Extreme poverty in urban and rural areas, ethnic/regional groups.	X	X		1,000	70	30	0	n.a.

CODES

SAP = Social Action Program; ESF = Emergency Social Fund; SIF = Social Investment Fund;
SS = Social services, mostly nutrition, primary health care, education (mainly basic), children care, land tilting, social assistance;
SEI = Social and economic infrastructure, mostly sanitation (water and sewage), health-care facilities, schools, day-care centres, housing, irrigation, roads, soil conservation and reforestation, electricity, centres for women, indians, communities.
EC/IGE = Employment creation and income generation, mostly through credit, training, technical aid and marketing to micro-entrepreneurs, peasants, self-employed, women.

a : "No" means that there is no specific time period specified in the law; the period can be extended in Honduras and Panama.
b : Data refer to: 1 year in Costa Rica, Mexico and Peru; 2 years in Bolivia-FIS; 3 years in Chile, El Salvador and Honduras; 4 years in Venezuela (planned); 5 years in Bolivia-FSE; and 7 years in Ecuador.
C : Non-government agencies executing programs (NGOs, communities) or beneficiaries.
d : There are two institutions: in Panama PAS sets general principles and rules (a SAP with no specific time set) and the FES administers the program (an ESF with a three-year time period); in Uruguay PRIS sets general principles and FISE is the administrator.
e : Not approved yet towards the end of 1992. f : An ESF with some SIF features. g: Most important activity.

Sources: Author's summary based on Avila et al 1992; ECLAC 1992a, 1992b; FIS 1992; Flaño 1991; FOSIS 1992a, 1992b; Gobierno 1992; Graham 1991, 1992, 1993; Jorgensen et al 1992; ILO 1992; Navarro 1993; Plant 1993; PREALC 1998; Presidencia 1992; Rodriguez Noboa 1992; UNCTAD 1993; UNICEF et al 1990.

Table 6

CHARACTERISTICS OF TARGETED PROGRAMMES IN SELECTED ASIAN COUNTRIES

COUNTRY/PROGRAMME	SECTOR ACTIVITIES	TARGETS	PROGRAMME COMPONENTS
BANGLADESH			
The Grameen Bank (1983)	Credit extension	Very poor women	Small loans without collateral, to borrowers who collectively (5 members) guarantee reimbursement. Loans are extended for income-generating activites.
Integrated Rural (IRDP) (1971-1985)	Credit extension	Very poor: focuses on peasants and small farmers	Thana Training and Development Centre; Rural Works Programme; Thana Irrigation Programme; Two-tier cooperative system. The project also covers four pilot activities: (i) population control and women's cooperatives; (ii) workshop-cum-training centre; (iii) Storage and Godown Project; and (iv) The Youth Programme.
Food-for-work Programme (since 1977)	Income supplements Increase productivity	Rural and urban unemployed	Construction and maintenance of irrigation infrastructure Cultivation of new land; road works.
INDIA			
Small Scale Enterprise (SSEP) (1984)	Credit extension	Urban poor; women in the informal sector	Relies on NGOs in identification of borrowers and design of projects. Commercial banks and city metropolitan staff assist in project appraisal and disbursements. Local organizations and NGOs were used to encourage loan repayments.
Marginal Farmers and Agricultural Labourers (MFAL); Small Farmers Development Agency (SFDA) and Drought-prone Area Programme (DPAP), all grouped under IRDP (1978-88)	Credit extension (subsidies and loans)	Small farmers; marginal farmers; agricultural labourers; artisans and tribal.	Income generation through self-employment of targeted families as described under targets; Training of rural youth (TRYSEM); Development of women and children in rural areas (DWCRA);
Tamil Nadu Nutrition Programme	Food programme	Women and children in six districts. (Tamil Nadu)	Provide nutritional supplements to children between 6 and 36 months of age. Relies on village women for preparing and distributing food, thus reducing costs; Training of supervisors and workers.

... (continued)

Table 6 (continued)

COUNTRY/PROGRAMME	SECTOR ACTIVITIES	TARGETS	PROGRAMME COMPONENTS
INDONESIA			
Village Council (LMD) Forum for Village Development (LKMD) Family Welfare Promotion Movement (PKK) Rural Development Cadres (KPD) All programmes have been in operation since 1977	Credit extension Income support Training Public works	Rural poor in traditional villages (Swadaya) and transitional (Swakarya)	The programmes listed aim at: Providing social and physical infrastructure; Improved agricultural productivity; Diversification of sources of income; Stabilization of agricultural prices.
Kupedes: General village credit programme	Credit extension for income-generating activities	Rural poor (although the poorest are not reached because of collateral requirements)	Small loans (the largest first loan is $200) repayable in 12 installments within a year; Direct contact with communities and borrowers (Kupedes has over 2,000 branches in the countryside.)
NEPAL			
Integrated Development Programme (since 1976)	Rural poor Women	Poor living in 33 of the country's 75 districts	Increase productivity; Building up and maintaining local physical infrastructure and social services; Generation of employment; Institution-building for sustained development
PHILIPPINES[1/]			
Integrated Area Development Programme (IADP) (since 1973)	Multisectoral	Small farmers, rural poor, unemployed and women	Multi-sectoral programme designed to assist depresssed areas to: build and maintain infrastructure; provide loans and credits for generating activites; provide social services; increase productivity; generate employment; encourage private sector initiatives.

... (continued)

Table 6 (continued)

COUNTRY/PROGRAMME	SECTOR ACTIVITIES	TARGETS	PROGRAMME COMPONENTS
SRI LANKA			
Janashakthi Banku Sangam (JBS) and Women's Development Societies (WDS)	Credit extension	Very poor rural women	All credits are very small (less than 3000 Rupees), for: Emergency loans; self-employment loans; fisheries loans; agricultural loans; small enterprise loans.
Integrated Rural Development Programme (since 1979)		Rural poor (tenants, landless and small-holders and backward areas	Multisectoral programmes with over 20 sectors, to: Increase productivity; create employment, fisheries, infrastructure (including social); land irrigation; training and primary schooling

1/ Aid programmes to the poor in the Philippines dates back to the 1950s when President Ramon Magsaysay launched the "Community Development" (CD) Programme. This programme was transformed in 1973 into the Bureau of Community Development (BCD) under the Ministry of Local Government. A regional dimension was added in 1973 when the Regional Development Council (RDC) was entrusted with the Regional Development Investment Programme (RDIP).

TABLE 7

GHANA'S SAP PROJECT TARGETS (1987) AND FULFILLMENT (1992)

Projects	Targets 1987	Actual 1992	% of Fulfillment
Priority works[a]	10,000	3,252	32.5
Feeder roads[a]	2,000	1,123	56.2
Other job creation	28,000	10,000[b]	35.7
Peasants receiving credit	9,600	16,991	177.0
Women receiving credit	7,200	3,130	43.4
Wells dug	2,000	612	30.6
Latrines provided	6,000	462	7.7
Rural youth trained	4,500	366	8.1
Rehabilitation of shelters	6,000	1,227	20.4
Supplementary food for chilren	15,000	12,842	85.6

[a] Jobs created in manyears.
[b] Length not specified, probably not manyears.

Sources: Targets from PAMSCAD 1987; actual from PAMSCAD 1992.

TABLE 8

INDICATORS OF MANAGERIAL EFFICIENCY IN SELECTED SNs: 1990-1993

Programs	Period	No. of Employees at End Year	Total Funds at End Year (Million US $)	Funds per Employee (Thousand US $)	Total No. of Projects Implemented	Projects per Employee	Average Size of Project (US $)	% of Administrative Over Total Expenditure
Bolivia ESF	1986-91	90	191	2,122	3,269	36.3	58,427	--
Bolivia SIF	1990-93	107	96	897	1,311	12.2	73,226	6
Chile SIF	1990-92	37	77[a]	2,081	2,076	56.1	37,090	--
Egypt ESF	1991-93	107	120	1,121	66[b]	0.6	107,047	--
Honduras ESF	1991-92	150	105	700	3,727	24.8	88,172	9

[a] An undisclosed number of external consultants is hired.
[b] There were 102 projects in the pipeline by mid 1993.

Sources: Author's estimates based on FOSIS 1992a; Gobierno 1992; Graham 1993; Presidencia 1993; SFD 1993a, 1993b; UNDP 1993b; and information from the World Bank and Interviews in Cairo.

TABLE 9
COST OF JOB CREATION IN SELECTED COUNTRIES: 1987-1993

Countries	Period	Program	Cost Million US $	No. of Jobs Created (man years)	Cost per Job in US $	Percent of Labor Force	Observations
Bolivia	1987-90	ESF	n.a.	30,000	2,400	3.0	Jobs in eco. infra-structure; $6,144 in production projects.
Chile	1987	Several[a]	20	165,000	121	3.8	Very low payment
Costa Rica	1991-94	PREALC	36	30,000	1,200	2.9	Planned
Egypt	1993	ESF	112	107,700	1,040	0.8	Programmed. Variation from $259 in community development to $5,300 in redeployed civil servants.
El Salvador	1991-92	ESF	7	3,000	2,250	0.3	
Ghana	1988-92	SAP	9	3,252	2,767	0.05	In public work program the cost per job was $750; in feeder roads the cost was $860.
Honduras	1990-91	ESF	2.3	8,700	262	0.7	
Nicaragua	1991-96	ESF	300	150,000	2,000	3.9	Planned.
Peru	1987	ESF[b]	46.6	28,068	1,660	1.6	Converted from man months into man years.

[a] Employment programs terminated (1975-89), not current SIF.
[b] PAIT terminated (1985-89), not current FONCODES.

Sources: Author's estimates based on Graham 1991, 1993; Jorgensen et al 1993; PAMSCAD 1987, 1992; PREALC 1988, 1992; SFD 1993a; and other materials from ECLAC and World Bank.

TABLE 10

COMPARISON OF FOUR COUNTRY STUDIES' IMPACT ON POVERTY ALLEVIATION: 1990-1992

Countries	Total Population (millions)	Poverty Incidence		Estimated No. of Poor (million)	Financing (US $ p/c)		No. of SN Beneficiaries (thousands)	Beneficiaries as a Percent of	
		Urban	Rural		Total Population	Poor		Total Population	No. of Poor
Bolivia (SIF)	7.3	50	--	4.2	5.3	9.1	1,400	19.2	33.3
Egypt	54.0	21	25	12.6	2.1	8.9	290	0.5	2.3
Honduras	5.3	65	84	3.8	7.9	11.0	700	13.2	18.4
Ghana	15.5	59	37	6.8	1.0	2.4	50	0.3	0.7

Sources: ECLAC 1992b; UNDP 1993 a; World Bank 1993; Tables 1, 2, 4, 5; and author estimates of percentages and financing per capita.

Annex II

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Annex III

ABBREVIATIONS OF SOCIAL SAFETY NETS (SSN)

AFRICA

CAMEROON
SDA: Social Dimension of Adjustment Project

CHAD
PADS: Programme d' Appui au Développement Social (Social Development Action Program)

EGYPT
SFD: Social Fund for Development

GHANA
PAMSCAD: Program of Actions to Mitigate the Social Costs of Adjustment

GUINEA
SEDSP: Socio-Economic Development Support Project

GUINEA-BISSAU
SIRP: Social and Infrastructure Project

MADAGASCAR
EMSAP: Economic Management and Social Action Program

SAO TOME AND PRINCIPE
SIF: Social Intrastructure Fund

SENEGAL
DIRE: Delegation a l'Insertion a le Reinsertion et a l' Emploi (Agency for the Incorporation, Re-incorporation and Employment)

AGETIP: Agence d' Execution des Travaux d' Intêret Publique (Public Works and Employment Project)

SOMALIA
SAF: Social Action Fund

UGANDA
PAPSCA: Program for the Alleviation of Poverty and Social Costs of Adjustment

ZAMBIA
SRP: Social Recovery Project

MPI: Micro-Projects Unit

LATIN AMERICA

ARGENTINA
FAIS: Fondo Argentino de Inversión Social (Argentinian Social Investment Fund)

BOLIVIA
FSE: Fondo Social de Emergencia (Emergency Social Fund)

FIS: Fondo de Inversión Social (Social Investment Fund)

BRAZIL
FINSOCIAL: Fondo de Investimento Social (Social Investment Fund)

CHILE
FOSIS: Fondo de Solidaridad e Inversión Social (Solidarity and Social Investment Fund)

COSTA RICA
FODESAF: Fondo de Desarrollo y Asignaciones Familiares (Development and Family Allowance Fund)

FIS: Fondo de Inversión Social (Social Investment Fund)

EL SALVADOR
FIS: Fondo de Inversión Social de El Salvador (Salvador's Social Investment Fund)

GUATEMALA
FIS: Fondo de Inversiones Sociales (Social Investments Fund)

HONDURAS
FHIS: Fondo Hondureño de Inversión Social (Honduras Social Investment Fund)

MEXICO
PRONASOL: Programa Nacional de Solidaridad (National Solidarity Program)

NICARAGUA
FISE: Fondo de Inversión Social de Emergencia (Emergency Social Investment Fund)

PANAMA
PAS: Programa de Acción Social (Social Action Pogram)
FES: Fondo de Emergencia Social (Emergency Social Fund)

PERU
PAIT: Programa de Apoyo al Ingreso Temporal (Temporary Income Support Program)

FONCODES: Fondo Nacional de Compensación Social y Desarrollo (National Fund for Social Compensation and Development)

URUGUAY
PRIS: Programa de Inversión Social (Social Investment Program)

FISE: Fondo de Inversión Social de Emergencia (Emergency Social Investment Fund)

VENEZUELA
FONVIS: Fondo de Inversión Social de Venezuela (Venezuelan Social Investment Fund)

Annex IV

INTERVIEWS*

A. CAIRO, EGYPT: JULY 21-24, 1993

1. Bakry, Mr. Mohammed, Targeting and Monitoring, Social Fund for Development (SFD).
2. El Assar, Mr. Abdel Kader, Undersecretary, Ministry of Manpower and Transportation.
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9. Korayem, Dr. Karima, Third World Forum.
10. Massey de Hoyos, Ms. Monica, UNDP Deputy Resident Representative.
11. Osman, Dr. Amal, Minister of Social Insurance and Social Affairs.
12. Saad, Dr. Raouf, Director International Economic Relations, Ministry of Foreign Affairs.

B. ACCRA, GHANA: July 26-27, 1993.

1. Adu, Mr. Kofi, Acting Director, Department of Social Welfare.
2. Agyepont, Dr. Kwadwo, Deputy Director of Foreign Trade, Ministry of Trade and Industry.
3. Ayettey, Mrs. Diana, Head PAMSCAD Unit, Ministry of Finance and Economic Planning.
4. Brown, Dr. A. Peter, Director Secretariat, Program to Mitigate Social Costs of Adjustment (PAMSCAD), Ministry of Local Government.
5. Dei, Mr. Henry B, Director General Social Security and National Insurance Trust (SSNIT).
6. Katsriker, Mrs. Bridget, Chief Officer for Social Welfare, Ministry of Employment and Social Welfare.
7. Taylor, Mr. Andrews, Assistant Resident Representative, UNDP.

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* Conducted on behalf of UNCTAD by Professor Carmelo Mesa-Lago while on mission in Cairo and Accra.